

**THE CLINICAL PARADIGM IN ORGANISATIONAL ANALYSIS:
WITH REFERENCE TO BEAMISH AND CRAWFORD PLC**

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at the
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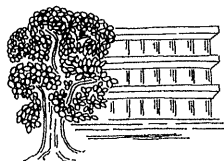
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The Clinical Paradigm in Organisational Analysis:

With Reference to Beamish and Crawford Plc

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Ph.D Thesis

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Abstract

There has been much discussion in the literature in the past decade as boards of directors worldwide have faced increasing stakeholder demands for accountability. The conventional wisdom that stakeholders were passive players, who ceded responsibility for the company to the board, has gone and been replaced by a growing sensitivity to the risk of corporate liability. It is still not widely understood that business enterprise is as much a moral act as an economic one. In the 1980's, boardroom behaviour was perceived as unresponsive, mercenary, formal, guarded, ritualistic and legalistic. However, we know little about the culture of these 'managerial elites' (Pettigrew and McNulty, 1995) but one approach is to adopt a psychoanalytic perspective.

Psychoanalytic theory is, *inter alia*, a method of understanding group processes. Bion (1959) and Bridger (1986) postulated that rationality in groups could be compromised by the activity of 'basic assumptions' or unconscious mechanisms that, in turn, can impact upon the formation of the group as a social institution (Fenichel, 1945). The search for deep, underlying structures has been continuously advocated by Geertz (1973), an anthropologist, and the need to distinguish between 'thin' and 'thick' description; the former relating to what is merely observable and the latter to an interpretive, iterative process that seeks out the basic significance of events. The psychoanalytic model, with its premise of *not* taking for granted what is directly

observable, presents an opportunity to examine the power of unconscious group processes in the construction of boardroom decisions.

This research aims to demonstrate that the application of clinical concepts to the analysis of Boardroom relationships can produce an enriching effect on more traditional theories of organisational functioning.

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Chapter 1

Introduction

1. The Clinical Paradigm

The use of psychoanalytic concepts outside a purely clinical context is not new. In his writings, Freud devoted some attention to societal issues, questioning the nature of religion, civilisation and war (Freud, 1919, 1921). He also contributed to the study of group behaviour by emphasising the peculiar nature of the identification processes that take place between leaders and followers. However, apart from some comments on the Army and the Church, he said very little about the nature of organisations.

Since Freud's time, clinical knowledge has greatly expanded, contributing to the advancement of psychoanalysis. At present, psychoanalysis can be looked at as *a method of investigation* of language, action and imaginary productions such as dreams, fantasies and delusions. It can be seen, too, as *a therapeutic method* distinguished by interpretation of resistances, wishes, and transference reactions. Finally, psychoanalysis is also *a set of psychological and psychopathological theories* that systematise the data collected

through the psychoanalytic method of investigation and treatment. These three orientations make psychoanalysis a rich source of understanding of life in organisations.

Furthermore, psychoanalytic theory has become increasingly complex, integrating drive psychology, neurology, ethology, information theory, child development, ego psychology, cognition, family systems theory, self-psychology, and object relations theory. This has enabled the development of a more general psychology. At the same time the application of psychoanalytic concepts to the social sciences has become more widespread. With this evolution, and given the importance of work to overall mental functioning, many researchers in organisations have realised the value of applying the psychoanalytic method to an organisational setting (Woodhouse and Pengelly, 1991).

The main working premise in this work is the role of unconscious motivation in explaining human motivation and decision-making.

Psychoanalytic models of the mind have now been used to clarify life in organisations and to deal with issues concerning career, individual and organisational stress, corporate culture, leadership, entrepreneurship, and family businesses (Kets de Vries, 1991).

Psychoanalytic conceptualisations have proved helpful to the better understanding of the behaviour of groups (Bion, 1959). In addition, resistance to change and intervention have been looked at in a new light. It is now recognised that individual defensive processes operate throughout organisational life and may become integrated in the social structure of the organisation, affecting strategy (Jaques, 1955; Menzies, 1960; Kets de Vries and Miller, 1984). Processes such as affectionate reactions, aggression, control and dependency have been viewed in an organisational context. Metapsychological constructs such as ego, id, superego, and ego ideal have been introduced, indicating the importance

of anxiety, envy shame and guilt and illustrating the relationship of these concepts to ambition and goal-directed behaviour.

The 'clinical approach', by not taking for granted what is directly observable; by searching for 'thick description' (Geertz, 1973); by engaging in an iterative process of analysis that seeks out the basic significance of events; by identifying themes in behaviour which can explain a myriad of facts and by systematising messages, demands the ability to analyse ' a multiplicity of complex conceptual structures, many of them superimposed or knotted into one another, which are at once strange, irregular and inexplicit, and which one must continue to grasp and then to render' (Geertz, 1973, p.10). In decoding 'texts' or passages of dialogue, significance can be deduced from interrelated factual, cognitive and affective units constructed out of experience, the observer all the while looking for meaning as a translator or cryptographer, transforming different levels of understanding.

In studying organisations, meaning can be deduced from the analysis of artifacts; managerial statements, writings and observable behaviour (Kets de Vries and Miller, 1987). The 'text' implicit in a specific strategic decision, choice of a particular interpersonal style, or type of organisational structure can give clues as to what life in that organisation is all about. A further dimension is added if a researcher is alive to underlying themes, meanings behind the metaphors used by managers, reasons for the selection of certain words, and implications of certain activities (Barley, 1983; Martin, 1982; Riley, 1983). The ability to distinguish between the signifiers and the signified (Saussure, [1916] 1966) and understand the underlying messages (hidden agendas) can help both scholars and managers to identify the crucial orientations and assumptions that

influence organisational life, an important step towards clarification, diagnosis and intervention. Recognising the ways in which psychic processes affect decision-making could perhaps make for a more complex and more authentic description of organisational life.

In the psychoanalytic setting, the task is to re-create or re-experience the thought of the creator of the 'text'. In principle, it appears possible to enter into a dialogue with the patient. Understanding of the 'text' may deepen if we re-experience that author's thoughts and check our own empathic understanding (Devereux, 1978; Lacan, 1978; Levine, 1980; Watson, 1976). *To do this there needs to be an effort to understand the individual's past, to examine his or her personal history for clues regarding current behaviour.* A major device for understanding the meaning of 'text' in a psychoanalytic setting is the interpretation of *transference* (Gill, 1982; Greenson, 1967; Kets de Vries and Miller, 1984; Racker, 1968). Transference can be defined as a process whereby attitudes developed early in life are repeated in the present. Thus the transference reactions that appear in the psychoanalytic dialogue, the kinds of feelings the person evokes in the other, can be considered as additional 'text', confirming or disconfirming other 'textual' information about a person. This additional 'text' provides clues about a person's past and facilitates the recognition of fundamental themes and important defenses, since these will be acted out when the patient reacts to the analyst as though he or she were a key figure from the past.

This clinical paradigm can also be implemented fruitfully in organisations. The search for central themes in apparently unstructured processes may be important; looking for elements that are not only logically central but that have a deep, perhaps unconscious

significance (Lacan, 1978) and finding out about the individual actors, their past and current mode of interaction can disclose information about their aspirations, goals and fears and may also explain their behaviour. In particular, the Object Relations School of psychoanalysis can be a useful framework within which to conduct this activity. This School has received increasing attention by academics and scholars in different fields of study over the past 50 years. In its focus on the dynamic unconscious and the development of the 'self', it has challenged views that extol the position of reason. In particular, in the field of group decision-making, e.g. Boards of Directors, Object Relations finds a fertile area for analysis.

Most of the literature on Boards has focused on a) the composition and structure of boards b) the decision-making process of these business elites or c) descriptive analyses of stakeholder problems in the organisation.

Some writers have emphasised company law, rules and regulations, roles, responsibilities and shareholder rights. Others have examined board structures, processes and styles. Yet others have looked at values, beliefs and culture. However, the literature seems not to have progressed beyond a reasoned implementation of Agency or Stewardship behaviour.

Agency theory holds that managerial decisions often conflict with what is required to maximise shareholder returns, resulting in an opportunity cost to the company.

Stewardship theory maintains that a manager's performance is determined by structures that enhance or deny the opportunity to produce results. Current research has produced an uncertain response as to which perspective is the more valid when examining questions

of performance. In particular, when examining the *process* of decision-making in Boards, the explanatory power of these two reasoned perspectives appears dull and it is here that we have to turn to a different approach.

1.1 'Deep Text' and Decision-Making

Some management researchers maintain that our models of management need questioning. They appear to lack credibility. When certain behaviour is analyzed e.g., the explanation for it does not always match what is observed. It has been argued that the process of literary criticism most closely resembles a more suitable route for discovering the hidden themes in behaviour.

This iterative process has been formalised in psychoanalytic theory whereby the analysis of the 'deep text' of behaviour can release an understanding of the motivation that may account for observed action. In the Boardroom, where decisions are taken, group behaviour is acted out. Here, the battle is enjoined to preserve personal identity and to retain a sense of affiliation to the group whilst at the same time trying to take collective decisions about the future of a business in the face of competitive pressures. These forces create anxiety and this essentially unconscious battle is waged in an effort to defend the group against disintegration.

Coping strategies develop and are influenced by the nature of the leader-follower relationship. They take the form of *unconscious motivation* powered by the transference of experience of original object relations from the past into the present. It is suggested by this study that the behaviour to be observed owes as much to the impact of the dynamic unconscious as it does to the rational implementation of self interest and is much more complex than the literature to date suggests.

1.2 Data Collection

Empirical evidence relating to the functioning of Boards is notoriously hard to obtain. There is no published study in the management literature of a deep investigation of Boardroom behaviour. First, the Directors are concerned about confidentiality and second, about accountability. It is to the company's credit that they were prepared to trust a foreign national researcher with highly sensitive information from their archives, from interviews and from 'real time' recording of Boardroom discussion.

1.3 Objectives of the Study

This study aims to examine the nature of the decision-making process in a Board of Directors of an Irish Plc. It investigates the presupposition that decisions are constructed simultaneously by reason and unconscious forces and that the task of understanding the interaction of both is crucial for decision outcomes

The purpose of the study therefore is to answer one question:

When Board culture and the external environment interact, to what extent is decision-making the outcome of unconscious forces?

To answer this question, a written questionnaire, interview guide and a protocol for recording Boardroom discussion in 'real time' were developed. The data collected also included the result of searches in the Company archives. Longitudinal, deep research is conducted on one multi-million turnover Plc in the brewing industry in Ireland.

1.4 Research Design

The structure of the study is exhibited in Figure 1. It involves six stages:

- 1 Conceptualisation
- 2 Questionnaire design
- 3 Interview survey
- 4 'Real Time' Recording
- 5 Analysis
- 6 Conclusions

In the first stage, the relevant literature was reviewed. The purpose of the literature review was to construct a basis for the study; to understand the nature of Object Relations and the application of a psychoanalytic perspective to organisational processes.

The second stage involved collecting data from six Company directors about their understanding of company strategy; their expectation of the Board to manage the Company and their perception of their own role on the Board.

The third stage focused on the collection of data from the same six Company directors in the context of individual interviews. The same questions were asked as in the Questionnaire and an opportunity given for the Directors to expand on their answers.

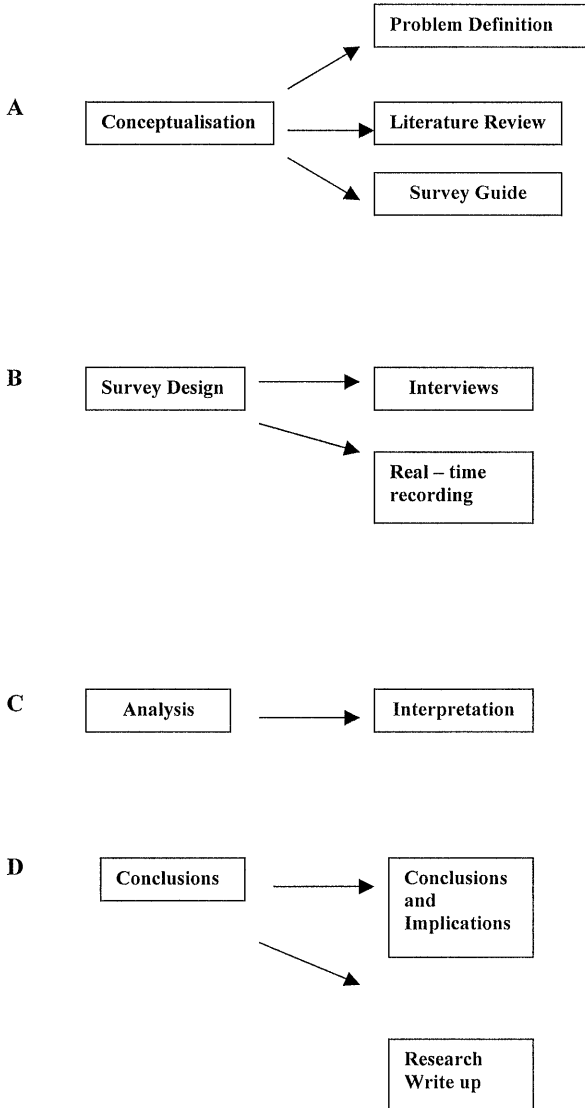
The fourth stage centred on the 'real time' tape recording of Board discussion. A flat microphone was laid on the table and continuous recording was conducted by a University technician.

The fifth stage was concerned with the analysis of all the findings of the study.

The sixth and final stage focused on the writing up of the research.

Figure 1

The Framework of Research Methodology



1.5 Structure of the Thesis

This study examines the way in which a Board of Directors makes decisions. It will investigate this by applying a case study methodology to the Board of one Irish Plc.

The thesis consists of nine chapters. The present chapter has described the problem, the significance of the study and its purpose.

A literature review of Object Relations and the application of psychoanalytic theory to organisational processes are presented in Chapter 2.

Chapter 3 focuses on a review of possible research methodologies before explaining the final choice of a qualitative method, its advantages and disadvantages.

Chapter 4 is devoted entirely to archival research of the Irish brewing industry and, in particular, the history of the family company that is the subject of the case study.

Chapter 5 is concerned with the examination of the answers to the questionnaire and the interviews with the six Company Directors.

Chapter 6 focuses on placing these answers in the context of the Literature Review

Chapter 7 examines the group interactive discussion tape recorded in the Boardroom of Beamish and Crawford Plc.

Chapter 8 links the data from Chapter 7 to the Literature Review.

Chapter 9 draws conclusions and considers the implications of the research findings from the individual and group level analyses.

1.6 Limitations of the Study

This study is particularly concerned to examine unconscious processes in the context of group decision-making. Like any other empirical study, it has its limitations. First, some general limitations will be discussed then some specific limitations will be examined.

General Limitations

In all case study approaches, the researcher must be aware of the potential problem of generalisation and this study is no exception. As the fieldwork focused on one Irish plc in the brewing industry, it cannot claim that the results would be valid for other companies. However, there may be reason to believe that the decision-making process may not be significantly different in other companies.

Because the issues of confidentiality and accountability at Board level are so sensitive, the responses to data gathering are always uncertain. Perhaps the risks associated with such an empirical study explain in part why researchers in the past have engaged in studies mainly concerned with composition and structures of Boards.

Specific Limitations

Literature

In the Literature Review, the researcher chose to examine the field of Object Relations and to explore a range of views in the psychoanalytic literature on the nature of individual, group and organisation identity formation. There are many Schools of thought in psychoanalysis and what is here reviewed is literature specifically contributed by the 'Object Relations' theorists whom the researcher believes has particular insight to offer in relation to the research question. Its emphasis on the development of *the self in relation to others* provides an appropriate framework for the analysis of the individual in the group that is the Board of Directors.

Research Methodology

In making a decision about the collection and analysis of data in this project, emphasis was given to following a *clinical paradigm*. Data in the form of conversation, whether in the context of one to one or in a group was collected by verbatim tape recording. These histories of the 'here and now' rather than written records of the 'there and then' made it easier for the researcher to empathise when considering interpretations of exchanges. These interpretations (or working hypotheses) were fed back to the participants who verified their 'truth' and relevance thus providing some objectivity. The researcher considered using other qualitative methods such as Nudist or Atlas software programmes for the analysis of dialogue but such content analysis neglected the use of the researcher's own clinical tools in the context of interpretation.

Chapter 2

Literature Review

2. Introduction

Director level issues rarely feature in the literature on organisations. The functioning of such entities, concerned as it is with the relationships between directors, management, and other stakeholders has only been seriously studied in the past decade. Corporate disasters in the 1980's, e.g., Guinness and Blue Arrow, triggered an interest in disclosure and regulation, fuelling the challenge to understand more clearly the moral dimension of business organisation. In addition, it may be that the understanding of elite group cultures couched only in explanation which emphasises reason, lacks explanatory power, and reflects a concern with the extremes of conscious motivation e.g., self-interestedness or empathy. An explanation of enduring validity, however, may require an understanding also of the role of unconscious motivation. The view has been advanced that groups and organisations function like individuals (Kets de Vries and Miller, 1984) and object relations theory, with its emphasis on the interaction between the 'autonomous self' and its environment, (Fairbairn, 1952a), a deeper psychodynamic understanding of their formation of their identity may advance insight into how Boards of Directors function.

The purpose of this review is a) to introduce the concept of ‘object relations’, b) to look critically at organisations as ‘processes of behaviour’, c) to explore a range of views in the psychoanalytic literature on the nature of individual, group and organisation identity formation and d) to briefly examine the literature on governance in order to give some contextual relevance.

2.1 The Origins of Object Relations

Among the psychoanalytic theoreticians who have made object relations theory a major focus for their work, W. Ronald D. Fairbairn (1952a) and Melanie Klein (1946) stand out because of their consistent effort to formulate a developmental model based upon the internalisation of object relations, i.e. parent – child relationship, and also to establish a comprehensive object relations theory which would replace traditional and reductionist Freudian instinct theory. In particular, Fairbairn’s core contributions include two clinical papers (1931, 1936) and four theoretical papers (1941, 1943, 1944, 1951). The raw material came from his consulting room and accumulated clinical data.

Fairbairn was the first to propose in a systematic manner, the founding of the psychoanalytic theory of human personality on the *experiences within social relationships* instead of on the discharge of instinctual tensions originating solely within

the individual. He replaced the closed – system standpoint of nineteenth century science with the open – system concepts that were evolved by the middle of the present century to account for the development of living organisms, in which *the contribution of the environment* has to be considered at all times.

First, it is important to comment on his challenge to the fundamental assumptions upon which Freud's classical theories were based. Having asserted the vicissitudes in the personal relationships between the infant, his mother, and his family, as the primary consideration for the development of the personality instead of the instincts, Fairbairn felt that there was no question of the instinctive endowments being ignored. The issue was how the interaction of the innate factors and the environment was conceived. He was highly critical of the way in which instinctual energies were reified in early psychoanalytic theory, and was concerned that the concept of 'drives', the motivating forces originating in the instincts, was being used to create an inadequate picture of human nature. The danger he was reacting to was the insidious dehumanisation of man with no adequate account of his nature at the personal level. The accepted theory of the instincts therefore had to be questioned, but there was also danger from its influence on social and cultural values.

When pleasure seeking became the foremost motive, this in Fairbairn's view, reflected a deterioration in essential relationships, a failure in the attainment of the capacity for rich and mutual relations with others in which the individuality of the other provides a deeper satisfaction than the use of him or her to provide gratification. E.g. the writings of the social philosopher Herbert Marcuse (1953) were taken as promoting sexual gratification

as an aim in itself and to justify sexual indulgence as something with little or no restraint. Fairbairn's views stemmed from the conviction that the family is the crucial agency in the development of healthy, creative individuals. It was to fulfil this function only that sexuality is an essential component in the maintenance of the optimal relationship between the parents and between them and their children.

The object – relations theorists have introduced issues that have preoccupied analysts for the last fifty years. Greenberg and Mitchell (1983) have described this dialectic as showing the progressive encroachments of the object relationships viewpoint in to drive theory. It has been suggested that what Fairbairn posited was a fundamentally different view of human motivation, meaning and values.

His position was that development begins in the total dependence of the infant, at which stage a security is normally established which lays the foundation for the later transformations towards the normal personality. Assumptions about the infant not having any ego or self at the start contributed to the long period in which the self was scarcely mentioned. Freud's 'Ich' had the significance of the personal self until, as Bettelheim (1983) pointed out the absorption of it in instinct theory led it to being replaced by an impersonal 'ego'. If we take Fairbairn's basic statement, we must conceptualize a potential structure, operating as a whole, that only becomes functional, in the effective way for which it is designed, through certain experience with the mother, the father and the wider society. It 'seeks' to become the organising agent of a 'conscious' person who remains aware of the continuity of his past with his present and of the future as immanent, and with a unique sense of himself as having an identity in relationship with other

persons. Along with his humanistic and philosophical background, the understanding of the personality for Fairbairn had to be firmly based on its evolution, that is, its biological roots. As a living organism, man is removed from the closed systems characterised by entropy; it is more related to 'negentropy' (Chein, 1972) a feature maintained by its perpetual incorporation of energy focused on the autonomous self.

For Fairbairn, the 'whole' is there from the beginning, a view adopted by Lichtenstein (1977). He maintains that all organisms are wholes and they create other wholes for survival. From his clinical data, he rejected atomistic thinking and the biological reductionism of Freud saying that the infant gives a strong impression of being a 'whole' person from the beginning and this is vouchsafed from all parents and many researchers. Kohut (1971) supports Fairbairn in his assertion that the conception of the unified self with autonomous potential is suffused with the sense of being a person, in proportion as the mother's loving care is assimilated. Frustrations that interfere with this autonomous development are reacted to as with the animal fighting for its life, for the self is the living centre of the individual. Winnicott (1965) too supported Fairbairn's assertions from his own clinical work of the primacy of personal relationships for the development of the self. Thus the interaction of the *autonomous self* with its' *environment* became the focus of study of object relations theory.

Erikson (1959) coined the term 'mature interrelatedness' referring to the capacity of the self to accommodate to the demands of its environment in a healthy and balanced way, this often being noted as underdeveloped in certain group cultures. Before going on to

examine the nature of individual, group and organisational cultural identity, an understanding of organisations as processes of behaviour is necessary.

2.3 Organisations as processes of behaviour

Organisations are varied in size and shape, in their task and purpose, and in many other less obvious ways. For example, they may be viewed as systems of communication, power and politics, strategy, technology and structure. Alternatively, they may be viewed as functional groupings, such as marketing, finance, personnel, research and development, and manufacturing.

Traditional views of organisational behaviour tend to regard organisations as mechanistic. For example, Child (1984) refers to 'decision mechanisms' and to 'operating mechanisms' (p.4) while Buchanan and Huczynski (1985) refer to 'instruments to accomplish the purposes for which they were intended' (p.xi). The language and approach used gives the impression that if only we could find the part of the machinery of organisation that needs fixing, things would be all right. In many ways the empirical-analytical paradigm reigns supreme when it comes to the analysis of organisations (Morgan, 1986). Yet this may be the least suitable paradigm for this purpose. What is organised in human organisations is human behaviour. Consequently, even viewing organisations from a hermeneutic or interpretative paradigm will still not provide an understanding of the appropriate issues. Perhaps only one perspective that provides

explanations for human behaviour in terms of unconscious processes rather than in stated intentions would be more enlightening.

As Khan (1976) points out, biological and mechanical structures have physical boundedness so that when an animal dies or an automobile stops running, the physical parts are still there, connected to each other as before, and the pathologist or mechanic can perform a post-mortem analysis. In contrast, human organisations have no structure other than the patterns of behaviour that are also their internal functions. When these patterns of behaviour stop, the organisation ceases to exist. Not even the traces of equipment and buildings that remain will provide us with many clues as to its spirit. From this view, organisations are essentially patterns of human behaviour. It therefore follows that they are contrived, and being of human construction they are infinitely susceptible to modification. They do not conform to the laws of growth and death that characterise biological organisms; there is no particular size and shape they must attain, or lifecycle that they must follow. Organisations are not held together by functional branches or systems. The cement that holds them together is ultimately psychological, e.g. the work contract. In order for the organisation to exist, people must be motivated to engage in the stable recurring patterns of behaviour that define the organisation and give them continued existence.

Khan and (1976) and Rioch (1985) considered that a useful concept for describing the patterns of behaviour in organisations and for understanding their motivational bases was to view them as systems of interrelated roles. Astrachan and Flynn (1976) take the view that almost every organisation or institution is a group of groups, formal or informal.

Sadler (1976) refers to influences, such as values, beliefs and attitudes, which members of

the organisation share in common - values and beliefs that will vary from group to group and role to role. A further view is that of Turquet (1974), who stated that an institution was an 'idea held in the mind.' This is not too distant from the expression of bureaucracy as 'a mental construct' (Weber,).

These ways of looking at organisations are all very different from the traditional approach. Groups of people, formed for different reasons, seem to be artificial creations. From this we could perhaps conclude that organisations are what their members make them and that they exist only in the perceived reality of those members.

It may be a matter of an 'idea held in the mind' of the members, of people held together by psychological cement. Some of the influences, such as values, beliefs and attitudes, may operate against effectiveness. It is a view of organisations as perceived objects. Be they spatial, or temporal, they seem to be artificially constructed in the mind.

For the purpose of viewing organisations from the perspective of culture, this approach may be useful to consider. Despite their supposed artificial creation, institutions seem to be treated as if they exist and for most they are real. To achieve a better understanding of why this should be so, we need to look at the processes that lead to this 'idea held in the mind'. In doing so it is helpful first to look at the manner in which an *individual identity* is formed, and, in particular, from a psychodynamic perspective.

2.4. Individual Identity Formation

As with culture, there are many definitions of the notion of 'personality'. Within the psychodynamic literature itself, there exists a considerable range of views. According to Sutherland (1985), there is no accepted means of appraising the function of personality in a comprehensive way. An examination of aspects of individual development, however, may lead to a deeper understanding of this concept.

Individual development is a dynamic process, where changes can be slow and sometimes dramatic. One view is that such development occurs in the context of interactions between the organism and the environment, rather than through the internal processes of maturation alone (Erikson, 1950). He, and other theorists, have brought the relationship of self to other (or subject to object) to centre stage. This 'object-relations' approach suggests that 'object-relating' is the essence of ego activity and begins at birth (Fairbairn, 1952; Winnicott, 1965a; Klein, 1959). The new-born child is said to live in an undifferentiated world. There is nothing on the side of the object and nothing is other than the infant. Everything he senses is taken to be an extension of himself and everything ceases to be once it is out of sight, touch or hearing. Guntrip (1971) explains that the child gradually moves from this unintegrated self to an integrated self capable of object-relating. Such growth, Kegan (1982) suggests, is a process of differentiation and of emergence from 'embeddedness', thus creating out of the former subject a new object to be taken by the new subjectivity. Winnicott (1971) said there is never 'just an infant'. There is 'the other person', usually a mother, who provides a psychosocial context for development. The transformation by which she becomes for the infant less 'psycho' and

more 'social, is Winnicott says, the evolution of meaning itself. He also explains that the nature of the 'holding environment' is crucial to development. This starts with the reliable psychological provision at the point of absolute dependence. Holding an infant in its mother's arms is the first 'boundary' within which development can take place. Within this space, expansion of experience can take place without fear of chaos and disintegration arising out of frustration and unmet needs. This maternal holding environment becomes the world to the infant. Then, for development to continue, the infant must achieve a 'basic trust' in this environment as a result of perceived experience.

Klein (1952) and Bion (1962) both believed that the external world could then be brought within the infant's mental grasp and that this was a crucial moment in its life. It was Bion's thesis that the way in which a mother is able to get in contact with the infant's state of mind constitutes a form of relationship in which the mother's mind acts as a 'container' for the child. Out of this, it was suggested that physical and intellectual integrity begin to grow and that the infant begins to experience a 'continuity of being'. Anzieu (1989) argued that this process became the prototype for bounded integrity and that the polarisation of symbiosis-individuation finally breaks through on the side of individuation leading to the dissolution of the dyad and the formation of a self-concept. Once significant objects are experienced as separate, use of symbols and language follow, as does the splitting of the holding environment into an internalised psychological part and an external social part. It has also been hypothesised that when an infant stores an image of his mother's face, it is taking in or 'introjecting' the perception as if it were an object (Isaacs, 1952). This view goes on to say that the 'taking in', 'summoning up' and

'holding in the mind' of such an image are concretely felt processes. Thus the infant feels that it contains within himself a world of concrete things of at least as much reality as the material world. Isaacs continues to say that the previous containment offered by mother will now be replaced by the containment offered by the sense of the infant's own mind. However, the 'containing mother' is said to remain with him as the 'internalised' mother and as he begins to identify with her, it is suggested that he becomes more self-contained and self-confident. These processes, Winnicott (1965a) says, lay the foundation for relationships with groups and organisations through internalisation and identification.

This model of the parent-child relationship is both social and psychological. Development occurs both through interactive and internal processes. The separateness which has been created now needs to be maintained in the face of emotional need (Klein, 1959). She has referred to this as the depressive position, a time when the infant's internal world becomes more integrated and a sense of internal continuity becomes possible. A child's capacity, Klein argues, to take his impulses and perceptions as an object of his own meaning-making, brings to an end the liability of the earlier subject-object-relations. It also brings into being a new subject-object relation that creates a more enduring self, a self who does its own praising, and possesses a consistent notion of 'me'. Erikson (1959) maintains, however, that we are never completely integrated and final disintegration is always present. As adults, he argues that we cling to each other in our efforts to contribute to and take responsibility for our environment. It is our environment that provides ego support and a sense of reality, as important to the adult as the infant. However, Kegan (1982) argues that we never wholly give up our need for a holding environment and that

our lives in organisations are often a succession of holding environments. They are the psychosocial environments which hold us and which let go of us. The need to differentiate and the need to fuse, it appears, are universal tasks.

The concept of an 'idea held in the mind' was previously referred to as an artificial creation. A different term is that used by Anzieu (1990), namely, a 'group illusion'. This he describes as a necessary illusion, one which sets up a group object that is at once internal and external to each member. He explains that the group illusion corresponds to the founding moment in which the group forms itself as such. That is, a collection of individuals becomes a group when they are gripped by the collective imaginative belief that the group exists, as a reality that is both immanent and transcends each of them. In Anzieu's terms, there is no group without a common skin, a containing envelope, which makes it possible for its members to experience the existence of 'a group self' (1990, p.97) - that is, a notion of 'other'; 'not-us'.

If we accept this notion we are getting very close to treating the perceived group object 'as if' it were an individual. Anzieu goes on to make the link between individual and group object-relations when he tells us that Klein's description of the individual psychic apparatus is still at present the best available model both for thinking about groups and the phenomena that unfold in them. By this account we need to consider groups in terms of a self, containing somehow or other an innate ego, an acquired super-ego, and disparate internal objects that are more or less accepted or rejected by the ego and variously given life by the basic instincts.

A further view also tends to offer support for treating an organisation- 'as if' it were an individual. Reed and Palmer (1976) explain how the displacement of attachment instinct from mother to an illusory object such as a work group, can result in organisations becoming a 'subordinate attachment- 'figure' for some people, and a principal attachment- 'figure' for others. If that is the case, we need a better understanding of the process preliminary to this displacement on to the illusory object. In order to gain this understanding it is necessary to look at Klein's work in some detail. In various publications she refers to the process of integration with regard to object-relations theory (see Klein, 1948, 1952, 1955 and 1960). She shows how, from the earliest stages of life there is an instinctual need for an integration of the self as a whole person with boundaries. She describes how, even during the paranoid~schizoid position that is, during the first three or four months of life, when splitting processes are at their height, such splitting processes are never fully effective; from the beginning of life the ego tends towards integrating itself and towards synthesising the different aspects of the object. There appear to be transitory states of integration, even in very young infants - becoming more frequent and lasting as development goes on.

As the small child begins to be aware of him/herself as a separate entity, and at the same time begins to be aware of other people as separate, another important mechanism comes into operation. Until this time the infant is in a state of primary identification: that is when the distinction between 'I' and 'you' is meaningless. Awareness of separate identity results in secondary identification: that is, the process of identifying with an object, the separate identity of which has been discovered. Unlike primary identification, secondary identification is a defence since it reduces hostility between the self and the object and

enables experience of separation from it to be denied. Nonetheless, secondary identification with parental figures is held be part of the normal development process. According to Jacobson, 'the adult ego will make extensive use of introjective and projective mechanisms based on such fusions between self and object images, for the special purpose of establishing feeling and fantasy identifications at any level, not only with our love object but with our whole environment' (1964, p.24). These are temporary liaisons induced in the service of the ego and do not normally weaken the boundaries between the images of self and objects. For example, the process of establishing a sense of 'belonging' in adulthood, to a country, city or culture, is founded in these same processes.

When the infant enters into what Klein called the depressive position and is able to establish the complete object, increasing integration brings about changes in the nature of his anxiety, for when love and hatred become more synthesised in relation to the object, initially the mother, this gives rise to great mental pain - to depressive feelings and guilt. Here, as Freud explains,

'The instinctual impulses can no longer seek direct gratification- they are required to respect the demands of reality and, more than that, to conform to ethical and moral laws by which the superego seeks to control the behaviour of the ego' (1966, p.7).

At the same time the progress in integration and object-relations enables the ego to develop more effective ways of dealing with the destructive impulses and the anxiety to which they give rise.

Storr (1963) is of the belief that the realisation of separateness leads to anxiety and fear, for, in the infant, this realisation is necessarily attended by the simultaneous realisation of dependence and helplessness. He claims that the fear of being abandoned leads to attempts to re-identify with the parents and to an introjection of their standards and attitudes. 'I must be the same as they are or they will be angry', is the operative phrase. 'Good' is what parents approve of, and 'bad' is what they dislike; and, naturally, they like themselves and their opinions.

A different view of the same process is provided by Winnicott (1988), who explains that there develops the theme of a 'me' and a 'not-me'. There are now 'me' contents that depend partly on instinctual experience and a meaning comes to the term 'relationship' ~ between the person, 'me', and objects. He describes how the infant develops from what he terms an unintegrated state at the theoretical start, at a time when there is a lack of wholeness both in space and in time, indeed when there is no awareness.

Both Klein and Winnicott explain the importance of integration. For example, according to Klein (1955), one of the main factors underlying the need for integration is the individual's feeling that integration implies being alive, loving, and being loved by the internal and external good object; that is to say, there exists a close link between integration and object-relations. 'Conversely, the feeling of chaos, of disintegration, of lacking emotions as a result of splitting, I take to be closely related to the fear of death'.

(p. 144)

And, according to Winnicott (1988), 'Integration feels sane, and it feels mad to be losing integration that has been acquired' (p.118). He also makes the point that integration means responsibility, and accompanied as it is by awareness, by the collection of memories, and by the bringing of the past, present and future into a relationship, it almost means the beginning of human psychology. This point is confirmed by Klein (1960) who claims that an integrated personality is the foundation for mental health. She goes on to enumerate some of the elements of an integrated personality, namely, emotional maturity, strength of character, a capacity to deal with conflicting emotions, a balance between internal life and adaptation to reality, and a successful welding into a whole of different parts of the personality.

It is Winnicott (1988) who provides the best explanation of what happens in disintegration when he points out that 'disintegration is chaotic, being an alternative to order, and it can be said to be a crude kind of defensive organisation, defensive against the anxiety that integration brings' (p. 135). In a far less dramatic way, many of us will have experienced individuals who have almost literally 'gone to pieces' when faced with a sudden traumatic experience. And, while it may not appear a very sympathetic response, the advice to 'pull yourself together' may not be entirely appropriate.

A somewhat different view of the process is put by Anzieu (1989, 1990), which provides us with a further valuable insight. His approach has been to view the body boundary in conjunction with the boundary of the psyche. In *The Skin Ego* (1989) he explains the titular notion as follows: by skin ego, I mean a mental image of which the ego of the child makes use during the early phases of its development to represent itself as an ego

containing physical contents, on the basis of its experience of the surface of the body. (p. 40)

It is Anzieu's view that the psyche gradually comes to terms with the body, so that in health there is eventually a state of affairs in which body boundaries are also the psyche boundaries. From his perspective, the skin is universally important in the process of the localisation of the psyche exactly in and within the body. Anzieu (1990) claims that the baby's original fantasy in relating to his mother is one of having a common skin with her. In imagination each of them develops in different parts of a single skin, which allows them immediate exchange and contact.

For Anzieu, the boundaries of the body image are acquired in the course of the child's detaching itself from its mother and they are, according to him, to some degree analogous to the ego boundaries. He suggests that we take the body image not as a physical agency or function, but simply as a representation elaborated at a quite early stage by the ego itself while in the process of becoming structured. He therefore considers that what is involved here is a symbolic process of representing a boundary which functions both as a stabilising image and as a protective envelope. This procedure, he suggests poses the body as an object which must at all costs be kept intact. Here he seems to be in agreement with both Klein and Winnicott by suggesting that the function of setting boundaries connects with the necessity for bodily integrity.

Menzies Lyth (1988) provides practical examples of the chaotic state of disintegration, the very real terrors experienced by young children and the need for maintenance of various boundaries. These provide us with an explanation as to why adults need and form all manner of temporal and spatial boundaries. As to temporal boundaries, she explains

how the child's rudimentary time sense and the connection of the mother's absence with his own aggression make it only too easy for him to believe that she has gone for good. This, is an unbearable and terrifying experience that may act as a dreadful confirmation of the fantasy of permanent loss and lead to obvious states of depression and despair -even in quite small babies.

In referring to children in hospital she provides an example of the need for spatial boundaries in the development of children. She shows how the importance of boundary control gives a stronger sense of belonging to what is inside the infant, of there being something comprehensible for it to identify with, of there being 'my place', or 'our place', where 'I' belong and where 'we' belong together. If there are no boundaries or the boundaries are drawn too wide children cannot get identity from or identify with such a large institution. It does not offer enough sense of being bounded and contained within something comprehensible. Menzies Lyth explains that small children need this holding together not only by space but also by attached people in terms of consistency in modes of communication and response. If not, they may feel lost internally as well as possibly getting lost in fact. Recalling the chaotic state described earlier she tells us that they literally 'feel all over the place'.

In other words, there must be clear boundaries of various categories in order that the child has a consistent picture such as will permit integration. It is this process of constant testing of reality that helps the child to build an effective identity. The baby comes to be and to know himself as he is known and reflected back to himself by others; both the quality of the other's response and its consistency being important. An aspect of healthy

development in the individual is therefore the establishment of a firm boundary for the self and others across which realistic and effective relationships and transactions can take place and within which a sense of one's own identity can be established.

A further example is provided by Bettelheim (1960). He recounts how, despite the conditions of the concentration camps at Dachau and Buchenwald, he suffered terrible anxiety because he was unable to put into being temporal boundaries in relation to the work activities that he was forced to carry out. There can be little doubt that this shows that the matter of integration is vital to all of us. Violent disruption to the individual's identity will appear as chaos and result in disintegration.

There is another aspect of personality development that is felt to be relevant to the issue of boundaries. In common with Freud (1923), Marris (1974) referred to a conservative instinct that results in attachment to objects which remains with us through life. In this sense he tells us that conservatism is an aspect of our ability to survive in any situation: for without continuity we cannot interpret what events mean to us, nor explore new kinds of experience with confidence. He goes on to explain that the process of attachment influences our perceived reality of the world. He describes how, in order to construct meanings, a growing child must be able to identify, classify and compare, to perceive relationships and conceptualise them in abstraction. Attachment influences the development, not only as our first and for a long time our most crucial experience of security and danger, order and predictability, but as the guarantor of all other learning. Freud (1921) referred to the conservative instinct as paramount but he also acknowledged that there may be other drives which push towards progress and the production of new

forms. This is the view of Bowlby (1969), who showed that the child has an instinctual need for attachment. This more than just conservatism; Bowlby's concern is with the nature of the child's tie to the mother. In his view this bond manifests itself in attachment behaviour. This is behaviour, on the part of the young child, directed towards gaining proximity to specific people referred to as 'attachment figures'. The infant's first attachment figure is usually his mother; Bowlby identifies a number of patterns of attachment behaviour: sucking, clinging, following (bodily or with the eyes), crying, calling and smiling.

These relationships of attachment are crucial to a child's well-being, even its survival. Because we are born very helpless and throughout childhood remain primarily dependent on our parenting figures to protect, feed and care for us, the attention of our parents is our only weapon of defence. Hence a child's most crucial task, for its own survival, is to make its attachment relationships secure. Since attachment is so overwhelmingly important to us, above all in the early years, it underlies all our understanding of how to survive in and manage the world we inhabit.

It is difficult for us as adults to imagine the feelings associated with infancy. However, according to Anzieu (1989), the catastrophe haunting the nascent psyche of the human baby would then be that of letting go of this clinging grip. When that happens the child is plunged into what Bion called 'a nameless dread'. Menzies Lyth (1989) explains what happens when the attachment is broken and the effect that this has on the child when she describes the experience of separation of the young child from its mother, notably when the child is put in an institution. The effect is that immediate and often inconsolable distress is almost universal.

We can say that right from the start, the infant has an instinctual need for an integration of the self as a whole person with boundaries. From an unintegrated state, there is gradually produced some sort of order out of chaos. An order in terms of space and time eventually leads to a state of affairs in which the body boundaries are also the psyche boundaries.

This is a precarious state and is protected with great care, as disintegration is experienced as madness. Out of this process the individual builds an effective identity which is itself a reassurance against fears of death or madness. To achieve this, there must be spatial and temporal boundaries that limit the degree of inconsistency experienced by the infant.

There must also be a consistency in the authority boundaries and of the consistency of the mother. Hence a child's most crucial task, for its own survival, is to make its attachment relationships secure. This is aided by an attachment instinct that results in both conscious and unconscious processes of attachment, and both physical and psychological attachments.

From the foregoing we can see just how crucial to individual identity formation and retention are both the attachment instinct and the instinct for integration which must be supported by the formation of boundaries. The boundaries are essential to preserve the wholeness of the individual, both physically and psychologically, without which we would not be able to function properly. The attachment instinct by clinging to those boundaries supports this process by defending the predictability of life and our very survival. For without this continuity we should not be able to interpret what events meant for us nor explore new kinds of experience with confidence. Integration is a continuing process that is never complete in adult life, as is the case with introjection and projection. Conservatism and adaptability are both necessary for survival.

Freud (1921) acknowledged that individuals belonged to many groups, had identifications in many directions, and had several 'holding environments' available to them at the same time. Winnicott (1965a) informs us that when there is faulty holding this produces distress, the feeling that external reality cannot be used for reassurance and the blocking of the capacity to feel real. Where it has been 'goodenough', an individual capable of differentiation of the self and a contributing member of multiple holding environments is produced.

Individuals in aggregate produce groups. The process of group identity formation now needs to be understood prior to reflecting on organisational identity formation.

2.4.1 Group Identity Formation

Integration and attachment are important to individual identity. We consider that it is important also for group identity. It may be that the group members treat the perceived group object in more or less the same way, the basis being the interdependence of the individual with the group. Freud (1921) asserted that there was no dichotomy between individual and group psychology because the psychology of the individual is itself a function of the individual's relationship to another person or object. According to Bion (1961), the individual is a group animal and in order to study the individual, it is required that he be looked at from the position of the group and the group from the position of the individual. There were 'socio' and 'psycho' perspectives which were interdependent.

In a paradoxical way, the need of the individual constantly to affirm his identity with those around him results in the perceived group object. Bion studied this relationship and found that the anxieties inherent in the primitive fantasies, described earlier, are instinctively responded to by an attempt in a group to find 'allies', figures with whom the feeling of a close contact can bring reassurance. Thus, as Sutherland (1985) claims, the origin and nature of the individual's 'groupishness' is no problem. From the very start he cannot survive without his needs for social relatedness being met. The logical extension of this view is that put by Erikson (1959): that of a group identity which refers to the group as a social collective with a sense of shared human qualities, a commonality with others, an ideology, goals, and refers in a broader sense to the group's basic way of organising experience. Thus the ego identity is based on the common perception of an individual's selfsameness and continuity. Put another way, personal identity is based on two simultaneous observations: the immediate perception of one's self-sameness and continuity in time; and the simultaneous perception of the fact that others recognise one's self-sameness and continuity.

Marris (1974) describes research where students were studied when taking their places at university. It was found that the students looked for their own kind, on the basis of signs which were immediately perceptible: for example, accent, manner, and dress. The greater the differences, the more likelihood of difficulties between the students. Many of these perceptible signs were centred upon language. Students from different social backgrounds felt the strain of communicating across subtle distinctions of class-bounded cultures. Konig (1985) explains that when we enter stranger groups, we try to manoeuvre the other group members into positions that correspond to our internal objects.

Anzieu (1984) also helps us to understand the formation of the group illusion when he explains how the group situation awakens the image of limitless fragmentation or splitting of the individual's body and personality. He tells us that it summons up the oldest of fantasies, that of dismemberment and that the group draws the individual far into his past, to early childhood where he did not yet have consciousness of himself as subject, where he felt incoherent. We are aware that one of the deepest anxieties is that of losing one's physical and psychological unity. Experience such as that described by Anzieu has led us to realise that the group constitutes a primary threat to the individual. A human being can exist as a subject only if he feels physically and psychologically coherent.

This leads us to the observation of Turquet that the possibility of a participant emerging from anonymity and isolation and becoming a subject involves establishing contact (visual, gesture or verbal) with his neighbour or his two closest neighbours. In this way is formed what Turquet calls 'the relational frontier of the "I" with my neighbour's skin' (1974, p.99). This tends to support Bowlby's theory by showing how the attachment drive operates in humans. We all look for protection both against external dangers and against an internal psychological state of distress; in doing so we search for contact (in the double sense, bodily and social, of the term) which enables signs to be exchanged in a reciprocal process of communication in which each partner feels himself recognised by the other. What we are saying here is that the bounded group serves as a defence against both external dangers and internal distress. This aspect is touched on by Marris (1974) who refers to the setting of tribal and territorial boundaries to withstand the threat to the meaning of our lives. Turquet (1974) also introduced the concept of bodily and social

attachment. It is upon the skin that a first picture of reality is registered - that is, biologically. Socially, an individual's membership of a social group is shown by incisions, scarification, skin painting, tattooing, by make up and hair style, and by clothes which are another aspect of the same thing.

These boundaries do not resolve the problems of social coherence. But they protect people from having to confront the confusion as aspect of their own uncertain identity, unmediated by any given sense of where they belong. If these boundaries are threatened, the tensions will once again press upon people directly, and may provoke panic-stricken violence or flight. Conversely, the more nakedly people are exposed to the anxieties of change, the more uncompromisingly they will try to erect protective barriers about their precarious sense of self. That is, they may, as Marris (1974) has suggested, seek to invent a tribe - a collective identification - where none has existed; and project their internal conflict upon society in these terms.

It seems that the foregoing provides support for Bion's assumption that there is a 'socio-' aspect of interdependence between individuals and groups. The issue that now arises is whether the group can be seen to have a 'psycho' aspect in a manner similar to an individual. Some positive indication is provided by Anzieu (1989), who, talking about his findings from group work, describes how participants tend to fill up empty space by huddling in a corner, by putting tables in the middle; or by removing empty chairs. We believe that what is being described here shows quite clearly the need for the group to create a clear spatial or territorial boundary. It will doubtless be noted that the activity described by Anzieu is very similar to the needs expressed earlier by Menzies Lyth in relation to children in hospital. Faced with a broken boundary, there is considerable effort

to reduce the anxiety caused. It would seem then that the individual needs groups to be 'integrated'; indeed a person needs several groups to enable them to feel integrated.

Anzieu (1984) provides a further description of how members of groups act in a manner similar to individuals when he describes how participants in any group situation may regress to the situation of the infant. In Anzieu's view this explains the phenomenon which Freud discovered, of the common substitution in a group of the group ego ideal for the individual ego ideal. This idea of group regression was very much a part of the theory of Bion in his view of groups. He regarded a group in the state of basic assumption as acting irrationally because of regression. The basic assumption states are ways of dealing with impulses so as to satisfy the defensive needs of the group. Bion postulated that the basic assumption states were based on the processes that established themselves in earliest infancy. He saw the anxiety that provoked them as deriving from much earlier phases in which the fears were of disintegration, a loss of the self or madness. They crystallised for him replicas of the emotions with which the infant related to the mother and, later, the family. Sutherland (1985) explains that the task of establishing contact with the emotional life of the group would appear to be as formidable to the adult as the relationship with the breast appears to be to the infant, and failure to meet the demands of this task is revealed in his regression.

Bion describes how the work of the group, its functioning and its performance is impaired with deterioration of the ego functioning of the members. The realities of the situation and the task are lost sight of, reality testing is poor, secondary process thinking

deteriorates and more primitive forms of thinking emerge. There is new organisation of behaviour that seems to be determined by fantasies and assumptions which are unrealistic and represent a failed struggle to cope with the current reality situation. Thereby the group survives as such at the expense of the individual though its essential functioning and primary task are now altered in the service of a different task. A different view is put by Menzies Lyth (1988) and Jaques (1953), who have developed a concept that they have referred to as 'social systems as a defence against anxiety'. They describe how, in its development, social organisation is influenced by a number of interacting factors - above all, for the support in the task of dealing with anxiety. To this extent the nature of the organisation is determined by the psychological needs of the members. The characteristic feature of the social defence system is its orientation to helping the individual avoid the experience of anxiety, guilt, doubt and uncertainty. This social defence system develops over time as the result of collusive interaction and agreement, often unconscious, between members of the organisation as to what form it shall take. It is a gradual build-up more in the nature of a seeping into the group fabric like a process of osmosis. However, once in place, the socially structured defence mechanisms then tend to become an aspect of external reality which old members of the institution take for granted and with which new members must come to terms.

In 'normal' organisations we still find the same anxieties. However, in these cases there are various institutional defences that serve to reduce the danger of identity loss. We go to considerable lengths to ensure that anxiety is reduced to a minimum. This is achieved by various defensive structures: for example participants identify themselves before they

speaking, the roll is called, nametags are distributed, lists of participants are handed out. This is the world as we commonly see it on the surface, but we should be aware that these are only defences to those not-so-easily-seen phenomena.

It appears that there may be a case for regarding the group 'as if' it were an individual. As we have seen, in precisely the same way as in relation to individuals, we also go to great lengths to create and maintain our boundaries in institutions. It appears just as important to protect the group boundaries as it is to protect individual boundaries. The institution as a whole must control its external boundaries and regulate transactions across them so as to protect and facilitate the maintenance of the primary task. In addition, any institution is divided into subsystems, some of which perform different tasks. The way these subsystems control their boundaries and conduct transactions across them is of equal importance for the performance of the subgroup task.

It can be argued that integration and synthesis are as relevant to the group as they are to the healthy individual. However, we rarely recognise that changes in the nature of work also create losses that trigger powerful individual or collective reactions. The costs may not be immediately obvious or reflected in tangible ways, but left unattended over a period of time can become a silent killer in organisations - much like hypertension in the human body (Deal, 1985). Organisational integration is crucial for performance and it is this concept that we now examine.

2.4.2 Organisational Identity Formation

There is a substantial body of literature on psychoanalytic conceptions of organisational identity formation (Baum, 1987; Bion,1959; Hirschorn,1988; Jaques,1955; Kernberg,1984; Kets de Vries,1984; Kets de Vries and Miller,1984; Levinson, 1972; Menzies,1960, 1988,1989; Miller,1976; Rice,1958; Trist and Murray,1990; Zaleznik,1967,1984). Despite this interest, such an approach is relatively under-developed. Sometimes those who try to apply such a perspective have not had clinical experience and therefore are not acquainted with the technical issues, questions and dilemmas that are at the heart of psychoanalytical organisational work. Jaques (1955) noted that the character of organisations is determined and coloured by their explicit and consciously agreed-on and accepted functions and their manifold unrecognised functions at the fantasy level. Such functions include important individual and social defences against anxiety, and therefore explanations of behaviour which do not take this into account may have little enduring validity.

Kets de Vries (1984) contends that management models require questioning. The gap between expectations of how decisions are made and observations of what actually happens has created some disillusionment and has raised questions about inadequate explanation. While management often speaks of rational choices, many researchers of organisational life understand that 'irrational' personality needs of key decision-makers can seriously affect the management process. Antagonism to the use of clinical concepts taken from psychoanalysis is reflected in the view that what cannot be observed does not

exist. This ignores a central tenet of psychoanalytic thought, namely unconscious motivation. Digging deep in search of real reasons for certain behaviour can arouse defensive reactions in researchers who may prefer the safety of symptom diagnosis.

However, Geertz (1973), an anthropologist, has continuously advocated the search for deep, underlying structures and that we should always pursue 'thick' rather than 'thin' description of experience. His view is that we ought to go beyond what is merely observable and, like literary criticism, conduct an iterative process of analysis that seeks out the basic significance of events. This involves the study of 'texts' - all types of data containing messages and themes that can be systematised. Kets de Vries and Miller (1986) in their study of 'neurotic' organisations describe these 'texts' as managerial writings, statements, observable behaviour, meanings behind managerial metaphors and reasons for the selection of certain words. Such analysis, it is suggested, can reveal the intra-psychic processes that affect organisational decision-making giving a more authentic picture.

Since then, others have developed rules for the interpretation of 'text'. Kets de Vries and Miller (1987) found that in examining it, the emotional components are crucial to its decoding and that *thematic unity* is of prior importance. *Pattern matching* or looking for structural parallels between present day events and earlier incidents in the history of the organisation, sometimes known as 'revealing repetition', follows. Instead of simply remembering the past, Board members may *interpret the present in terms of the past* and relive the past through present actions. In psychoanalytic terms this is known as 'transference'. Interpretation should be guided by *psychological urgency* or the

identification of pervasive, persistent, regular and enthusiastic relationship patterns and the emotion surrounding decisions, interactions and pronouncements.

Finally, there is the notion of *multiple function* which means that meaning may occur at *individual, group or organisation* level and vigilance will ensure that the appropriate roots and consequences of actions and decisions are located (Kets de Vries, 1991). The final part of this review will focus on organisation identity formation reflected in the behaviour of dominant groups like Boards.

2.5 Organisational Identity Formation and the Dominant Coalition

How do we understand the nature of non-rational Boardroom governance decision-making? The answer may lie in the examination of dilemmas that face its members. One of the central problems for any individual in a work group is the differentiation of personal identity/ self-esteem and the sense of belonging /affiliation to the group (Erikson, 1959). To maintain a sense of balance is essential to ego integrity and emotional well-being. For some this means an extraordinary level of reinforcement of esteem is necessary and some find it necessary to work with those who make them feel both powerful and safe. In those whose needs are for substantial affiliation, we may recognise the lemming syndrome (Diamond, 1991) and a fear of rejection.

Therefore, although independence and autonomy are crucial drivers of mental well-being, and boundaries between self and others must, of necessity, be drawn and maintained, it

seems that individual regressive and defensive behaviour in work groups can be triggered by critical organisational events which precipitate anxiety and aggression and threaten the integrity of affiliation.

Regression is a counter-productive response to environmental events that are threatening to the self (Freud, 1955; Klein, 1959; Jaques, 1955; Bion, 1959; Menzies, 1960; Kernberg, 1980) and is the result of anxiety produced by an unstable, inconsistent, insecure or hostile external world. Winnicott (1965) calls this the *holding environment*, a metaphor for the mother-child relationship as the first and most critical object relationship. This crucial social structure sustains the process of individuation and affiliation, and for those group members whose primary object relationship was not 'good enough' (Winnicott, 1965), the Boardroom may become, unconsciously, a place where they expect deficits from the past to be made good. Thus the potential presence of primitive object relationships, or defensive and aggressive responses to anxiety are 'dangerous to the survival of the individual in the group as well as to any tasks the group needs to perform' (Kernberg, 1980). Stress caused by leadership transitions, company retrenchment and/or decline, changing customer demands, ambiguous objectives, unwillingness to delegate authority can all precipitate individual regression. When this occurs, one might also observe individual defensive responses like projection, denial, splitting and reaction-formation (Freud, 1966).

Regressive group behaviour is noted by both Klein (1959) and Guntrip (1962) to be a protective reaction to perceived external harm. The unconscious fear of annihilation may prompt a rapid withdrawal into a safe and secure inner space, 'saving the ego by internal

object relations'. This isolates the group from a hostile reality and often renders it ineffective. The study of group processes in complex organisations enhances our understanding of collective human behaviour. Categories of such behaviour have been developed based on the assumption that the meaning of group behaviour can be interpreted separately from the individual behaviour of group members (Freud,1955; Bion,1959; Rice,1969; Kernberg,1980).

These categories (Diamond, 1991), based on participant observations from organisational consultations and psychoanalytic object relations frameworks (Fairbairn, 1952), are an attempt to relate various levels of group response to anxiety. They represent the predominant coping pattern as it tries to contain the feelings aroused within it by potential rejection and loss of affiliation. They are known as homogenised, institutionalised, autocratic and intentional group cultures.

2.5.1 Homogenised Culture

This group represents the most primitive and regressive collective flight from anxiety, and is characterised by an absence of self-other differentiation. Developmentally, it pre-dates the separation-individuation phase of infancy (Mahler, Pine and Bergman,1975) and such a Board would struggle to make sense of their interactions. Guntrip (1969) noted that in such cases, there appears to be an unconscious, collective wish to withdraw from a hostile environment of bad relations. He describes this as the *schizoid* position in which a group is capable of unusual social denial and therefore incapable of reality testing.

Members' feelings of isolation resonate with each other resulting in cognitive and emotional splitting, with relationships outside the Board regarded as persecutory. Diamond (1991) suggests that the homogenised culture is most common under conditions of weak or ambiguous leadership and that members may refuse to acknowledge individual differences such as race, gender, class and talent, occupying a position that is 'pre-moral' (Guntrip, 1969).

2.5.2 Institutionalised Culture

In contrast to the homogenised culture, members of an institutionalised work group respond to anxiety by producing an externalised social defence system (Menzies, 1960). Bureaucratisation, ritualisation or well-organised task performance are examples of these and are forms of control that promote dependency on rigid and routine impersonal structures. Kernberg (1980) argues that one reason for constructing such structures is the reaction-formation against the 'overwhelming nature of human aggression in unstructured group situations' and that dependence on rules, regulations, procedures and hierarchical authority takes priority over quality of work, the substance of product and service and the meaning of task accomplishment. Boundaries are rigidly enforced with loyalties and role conformity being important. Such a closed system is simply administered rather than led.

2.5.3 Autocratic Culture

The autocratic work group is characterised by the personal authority of a charismatic leader. This group is similar to the classic portrayal of the primal horde. Freud(1955) notes that ‘human groups exhibit once again the familiar picture of an individual of superior strength among a troop of equal companions’. He describes the psychology of such a group as the dwindling of conscious individual personality and the focusing of thoughts and feelings into a common direction. The presence of a stable, identifiable leader serves to co-ordinate the work capacity of the group, but that work can be interrupted by the leader inevitably failing to live up to the group’s unrealistic expectations and being regularly replaced. Ambivalence towards the leader is common and constantly undermines group cohesion.

2.5.4 Intentional Culture

In contrast to the previous three work group cultures, Bion (1959) describes this as a ‘sophisticated’ group that is distinguished by a reflective process that promotes an awareness of unconscious actions. It continues, however, to contain all the potentially regressive and defensive characteristics of the other groups. Members appear to realise the necessity of understanding and explaining cognitive and affective work dynamics in order to achieve effectiveness. Diamond (1991) writes that the social construction of

intentional work groups is possible within organisations that value collaboration and participation. Where change efforts are guided by an understanding of leader-follower transference relations, regressive and defensive group actions and the basic assumptions of fight-flight, dependency and pairing (Bion, 1959), these groups are also possible.

These four work group cultures represent different approaches to the problem of anxiety created by a changing holding environment and represent an effort to strike a balance between personal identity and group affiliation. Each can, according to Diamond (1991), resolve the problem of anxiety by a collective or collusive *decision to change* the nature of leader-follower relations.

The psychogenesis of the behaviour of Boards, then, may be seen as the outcome of *progressive or regressive Board cultures'* attempts to deal with a *stable or unstable holding environment* and such resulting behaviours may be categories that account for the presence of unconscious motivation.

A Board is structured to be accountable for governance decisions. This review will conclude with a brief review of the governance literature that may ultimately enable a more contextually relevant exploration of its behaviour.

2.6 The Corporate Concept

Charkham (1994) argues that a proper framework for the exercise of power is an economic necessity, a political requirement and a moral imperative, and it was British political and social history that was the context for the development of the concept of governance. Early in the nineteenth century, businesses were structured that if they failed, the owners were personally liable for all debts. (Jensen, 1938). This did not encourage investors, but, since the emerging economy required their help, some structural solution to this impediment was found in the limited liability company. By the end of the nineteenth century, a separation of ownership from management was greatly in evidence throughout the industrialised world (Berle and Means, 1932). Some notable exceptions were France, Germany and Japan. In France, the 1807 Napoleonic Code provided the basis for the conduct of corporate affairs; in Germany, shareholders' interests were protected by a two-tier Board (*Vorstand and Aufsichsrat*), ie. management and supervisory Boards; and in Japan, governance of companies is supported by shareholder Board appointees and a statutory auditor (Tricker, 1994).

The concept of the corporate system was theoretically simple, offering protection by establishing the company as a separate legal entity. Thence, it was possible to limit the liability of shareholding owners to the amount of their initial equity capital if the business failed. In addition, shareholders also had the power to appoint directors to both manage

the company on their behalf and to require those directors to account for their use of corporate resources.

This corporate concept of the early nineteenth century, distinguished by individual freedoms and a Kantian morality of self-regulation, became a system demonised by moral dilemmas. For example, all shareholders deserved equal treatment but increasingly did not receive it. Large institutional investors, eg. pension funds and finance houses, wielded a disproportionate influence at Board level and could prejudice the rights of others. When surrounded by predators, dawn raids, white knights, greenmail, golden parachutes, golden hellos and concert parties, the potential for management buy-outs and buy-ins, it became increasingly difficult to safeguard the interests of all shareholders (Paine, 1994). This perspective is widely regarded as a self-evident truism but the detail is worth examination.

2.6.1 The Shareholder Value Perspective

For those who support this approach, corporations are instruments, the purpose of which is to create economic value on behalf of those who invest risk-taking capital in the enterprise. This appears to be a justifiable *raison d'être* whether companies are privately or publicly held. According to Rappaport (1986), 'the idea that business strategies should be judged by the economic value they create for shareholders is well accepted in the business community. After all, to suggest that companies be operated in the best interests of their owners is hardly controversial'.

Advancing the interests of shareholders, however, begets a range of opinion. Some take the view that if higher share prices and /or higher dividends are created, then this is sufficient (Hart, 1995). Others suspect that the stock market is too concerned with the short-term and that share prices overemphasise current results and discount future investment (Charkham, 1994).

This perspective highlights the paradox of corporate profitability and responsibility. The emphasis placed on profitability as the fundamental purpose of firms, however, may not mean that supporters blind themselves to the demands placed on companies by other stakeholders. Intelligence about the constraints on corporate freedom may be regarded as desirable since strategy depends on it, but this may have little to do with any moral responsibility or obligation towards other power bases, e.g. unions or environmentalists. Friedman (1970) has consistently said that responsibility for employment, the environment, welfare and social developments are not matters for organisations but for individuals and Governments. Many do not agree.

2.6.2 The Stakeholders Values Perspective

Berle and Means (1932) and Freeman and Read (1983) argue that it is the purpose of the organisation to serve the interests of all the parties involved. That individuals with an equity stake should be elevated to a higher position in the economic value creation

process is unjustifiable in their view. Rather, the corporation should reflect the coalition of various resource suppliers who have the intention of increasing their common wealth. Qualitative, not just financial demands, need to be acknowledged. Job security, working conditions and safety may have strong moral claims for consideration as employees may be less able than well-resourced shareholders to leave the corporation at a moment's notice.

Efficiency and justice are thus seen to be the basis of the stakeholder approach (Solomon, 1992). Without this, the lack of trust may undermine the relationships between all parties involved in the enterprise and reduce motivation to calculative self – interest and adversarial bargaining (Williamson, 1995). Epstein, (1987) also adds that for corporate *social* performance to improve, corporations should adopt internal processes that promote ethical behaviour and responsiveness and that are more democratic.

2.6.3 Corporate Democracy

It can be argued that if a company does not satisfy the financial demands of its constituents, it will cease to be a viable organisation. Employees, customers and suppliers will withdraw their support. Therefore, debt and equity financing are required for growth. These can only be available according to the market value of the company's shares and therefore share value maximisation is paramount.

It can also be argued that there are times when stakeholders can play a key role in decision-making in political marketplaces. The affairs and the future of the corporation may well be bound up with the power of particular groups.

Both economic and political stakeholders appear to hold the balance of power in the modern corporation. However, this nineteenth century system now has to address the governance issues raised by the burgeoning globalisation of business (Cadbury, 1992). This review will continue by examining the current literature on corporate governance.

2.7 Corporate Governance

The literature on corporate governance can be segmented into three components; legal, operational and political (Tricker, 1984). The concept of governance from the legal point of view focuses on company law, rules and regulations and leads to an understanding of directors' roles and responsibilities, of shareholder rights and of governance processes. The operational perspective tends to be descriptive and leads to an appreciation of board structures, processes and styles. The political perspective derives insights from the fields of political science, sociology, psychology and philosophy and leads to an understanding of values, beliefs and culture.

2.7.1 The Legal Perspective

This perspective attempts to differentiate governance from management, by using a traditional legal model. This assumes that boards of directors are the agents of corporate shareholders and that they act in the shareholders' interests. The shareholders "supply the capital the company needs and thus own the company and have certain legal rights to see that this property is used to further their interests" (Bucholz, 1986). The most fundamental right of shareholders is that of electing the board of directors to serve as the shareholder's agent in corporate decision making. In turn, the company management is selected by the board to perform the daily tasks necessary to serve the shareholder's interests. Corporate governance and management are therefore defined in the context of legal doctrine that stipulates the rights and responsibilities of boards of directors and senior management. As Mueller (1981) explained;

"Governance is concerned with the intrinsic nature, purpose, integrity, and identity of an institution, with a primary focus on the entity's relevance, continuity, and fiduciary aspects.

Governance involves monitoring and overseeing strategic direction, socio-economic and cultural context, externalities and constituencies of the institution".

“ Management , on the other hand, is more of a hands-on activity. In its traditional sense, management can be characterised as conducting or supervising action with the judicious means to accomplish certain ends. Management primarily focuses on specific goal attainment over a different time frame and in prescribed organisation.” (p.9.)

He does not, however, acknowledge that managers can also have strategic responsibilities. Besides clarifying the difference between the two concepts, Mueller intimates a) that governance has an external focus and management an internal focus and b) that governance assumes an open system and management a closed system. Kesner and Dalton (1986) expand Mueller’s view by suggesting that corporate governance is also about *processes, structures, and relationships* through which the board of directors oversees it’s control of executives. The question of control here is singularly important for an understanding of governance and it is often framed as a struggle between management and shareholders with the board of directors mediating at the boundaries. There is an argument that management makes decisions in its own self interest, needing only to appease shareholders Herman (1981), and that the board of directors serves only as a buffer between the former’s interests and the latter’s demands. This issue of separation of ownership and control also raises other important questions that are addressed by taking an operational perspective on governance.

2.7.2 The Operational Perspective

This perspective attempts to understand the nature of Board processes and styles and owes much to those scholars who have studied elitism in institutional power structures (Giddens, 1974; Pettigrew 1992). Traditionally, the investigation of 'managerial elites' has been met with a level of organisational defensiveness designed to protect a power base making access difficult (Norburn, 1989). Consequently, the study of Boards has been a parsimonious and rare achievement. Access to key organisational figures has, however, been achieved (Mace, 1971; Lorsch and MacIver, 1989; Pettigrew and Whipp, 1991). (Pettigrew, 1992) describes some research on boards of directors as 'non-academic, non-analytical and reliant on unquestioned assumptions as a basis of prescription.' Despite the work of Kosnik (1987), Lorsch and MacIver (1989), and Pearce and Zahra (1991), research does not seem to have progressed beyond a concern with Board composition. Those studies linking Board size and composition to performance (Pfeffer, 1972, and Pearce and Zahra, 1991), examined the relative power of CEO's and directors. However, many of these studies have yet to be subject to empirical validation. Donaldson and Lorsch (1983), Lorsch and MacIver (1989) and Pettigrew and McNulty, (1995) have, however, furthered our understanding of the operations of Boards by focusing on the nature of process. Empirical results seem to confirm that the success or failure of companies is a Board responsibility, that the decision-making process is both complex and uncertain, and that values play an important role in the management of the consequent ambiguity and ambivalence. Their analysis of group dynamics and the influence of values on the performance of companies presages the need for a deeper

analysis of the essence of Boardroom culture. Research by Pettigrew and Whipp (1991) underscores this.

An appreciation of the role of morality in the Boardroom is a necessary preamble to this analysis and is now addressed.

2.7.3 The Political Perspective

Understanding the role of values and morality in relation to corporate governance is fundamental to progress. Moore (1903) argued that all power is moral and therefore required moral judgments. Barnard (1938) invoked a call to ethics when he wrote of the need 'to inspire co-operative personal decisions by creating faith in common understanding, faith in the probability of success, faith in the ultimate satisfaction of personal motives and faith in the integrity of common purpose'. In the early days of the development of systematic planning, Learned, Christenson, Andrews and Guth (1965) also emphasised 'the moral aspect of choice' in decision-making. There is, however, little mention of ethics in recent writing on strategy (Porter, 1985; Mintzberg, Quinn and Ghoshal, 1995) and since governance is about 'moral imperatives', it is necessary to examine this area.

'Primum non nocere' (first do no harm), occupies an important place in the Hippocratic oath for a doctor of medicine. However, there is no corresponding vow taken by Directors although it has been suggested that they become licensed to practice (Mileham,

1995). Their attempts to deal with moral complexity are often at best muddled, and at worst, fraudulent, due to a lack of guidance on best practice. Cadbury (1992) has tried to encourage greater transparency in management practice, and, according to De George (1982), the climate of demands by stakeholders for greater accountability has seen many Boards of directors engage in 'a systematic, rational attempt to make sense of individual, moral experience in such a way as to determine the rules which ought to govern human conduct and the values worth pursuing'. The poor performance of many companies might be the result of not engaging in this process (Daily and Dalton,1993).

In practice, there appears to be a tendency for some Boards to turn to either utilitarian or deontological ethical principles when dealing with matters of governance which can result in different performance outcomes (De George,1989; Velasquez,1992; Hosmer,1992). Utilitarianism (Bentham,1948) is concerned with the *consequences* of a proposed decision and takes the form of cost/benefit analyses; deontological or rule-governed principles advocate that the moral law (Kant,1964) ought always to be observed. Solomon (1992), however, believes that these rational 'a priori' formulations result in 'an abstract role-transcendent morality' and neglect the cultivation of character which is important when dealing with the concept of business as 'community'. Aristotle's (1947) theory of the 'virtues' supports an emphasis by Boards on *excellence* and co-operation in community and appear to provide a link between the individual and society. A person's character is then defined *by virtue of* possession of a sense of judgement, integrity, honesty, focused on the public good.

The governance behaviour of Boards may be partly understood by reference to a) issues of law and the Board's responsibility as shareholders' agents, b) the composition and structure of the Board and c) their adoption of moral principles. These approaches are, however, dependent on the quality of reasoned intention. Following Mintzberg and Waters' (1982) contention that perfect deliberate and perfect emergent strategies are rare, it may be that non-rational factors play a more important part in governance behaviour than hitherto conceived. However, before exploring this further, it is first necessary to review current theories of corporate governance to give some context to our exploration.

2.8 Theories of Corporate Governance

Two approaches currently extant in the literature are Agency theory and Stewardship theory and both possess some currency in the debate about appropriate governance structures. The former argues that in the modern corporation, in which share ownership is widely held, managerial decisions often conflict with what is required to maximise shareholder returns (Berle and Means, 1932). This means that the owners are principals and the managers are agents and there is an actual agency loss which is the opportunity cost of allowing managers to exercise direct control of the organisation and not the owners (Jensen and Meckling, 1976). This theory specifies mechanisms which are intended to reduce agency loss and might include incentive schemes for managers which reward them financially for maximising shareholders interests or a package of compensation and benefits is offered which is linked to improved shareholder returns.

Such ways are designed to increase shareholder value and to decrease executive gain. One major structural mechanism to curtail such potential opportunism is the Board of Directors, which provides a monitoring of managerial actions on behalf of shareholders. This function, it is suggested, will work better where the chairperson of the Board is independent of executive management. Where the CEO is chairperson of the Board then the impartiality of the Board is compromised. Agency theory suggests that, under such circumstances, there will be managerial opportunism and agency loss.

An alternative view of managerial motivation is Stewardship theory (Donaldson, 1990a, 1990b). This particular perspective holds that instead of being an opportunist, the manager wants to be a good steward of corporate assets and that a manager's performance is determined by structures which enhance or deny the opportunity to produce results. These structures will facilitate this goal if they empower senior management, and specifically this manifests itself in the role of the CEO. Where the CEO is also chair of the Board and power and authority are concentrated in one person, expectations about corporate leadership appear to be clearer. Such CEO duality, it is suggested, means that the organisation will enjoy the benefits of unity of direction and strong command and control. Thus Stewardship theory focuses on empowering structures and holds that CEO duality, rather than separation of the chair from the CEO, will provide superior returns to shareholders. The model of human behaviour underlying these theoretical perspectives is that of the self-interested actor rationally maximising economic gain and is built on an assumption of conflict of interest between owner and manager. This utilitarian approach (Bentham, 1951) of calculating the costs and benefits of particular actions, of gaining rewards and avoiding punishment is indicative also of the

work of McGregor (1960), but other psychologists have produced alternative theories of motivation, eg. McClelland (1961) based on the need to achieve, which have laid the foundation for a theory of governance positing that managers' and owners' interests may at times coincide. The governance dimensions of organisations are of great importance for performance. Sullivan (1988) has investigated how the performance of US organisations has been affected by CEO duality and his findings provide support for Stewardship theory. Cadbury (1992) in an investigation into corporate governance in the UK provides support for Agency theory and his recommendation that the role of CEO and chair of the Board be separated has met with a positive response from the corporate community. Other research has produced an uncertain response (Zahra and Pearce, 1989) as to which perspective is the more valid when examining questions of performance and governance. Donaldson and Davis (1994), suggest that each perspective has a degree of explanatory power in different situations and that switching may occur in the presence of particular kinds of external stimuli. Managers may seek to maximise organisational performance and shareholder returns, as stewardship theory states, as long as their organisational environment holds firm. When it is threatened, as in the case of takeover, then managers may react to protect their own self-interest because their future may be uncertain. Thus, in an examination of Boardroom decision-making behaviour, the explanatory power of either agency or stewardship theory is undermined unless one also assesses the integrity or level of 'mature interrelatedness' (Erikson, 1959) of the Board of Directors. This feature of the culture of Boards, viz the interaction of the *'autonomous self'* (qua Board) with the *external environment*, object relations theory suggests is the defining factor in the nature of decisions made.

2.9 Conclusion

This review began with a critical insight into the origins of the theory of Object Relations followed by an examination of the psychoanalytic literature on the formation of individual, group and organisation identities which led to some deeper consideration of the psychogenesis of Boardroom decision-making.

This chapter also presented a brief review of the literature on the corporate concept, followed by an examination of the nature of corporate governance as a system that preserves the identity, relevance, continuity and the fiduciary aspects of an organisation. The two main approaches to understanding corporate governance, i.e. Agency and Stewardship theory were then explored before linking these to a deeper consideration of the notion of organisation 'culture' and 'behaviour'

In conclusion, the literature review has linked a psychoanalytic perspective with the decision-making of elite business groups. In so doing it has given rise to several issues that this study will go on to explore.

It is notable from the literature on object relations theory that stable groups tend to produce more decisions that operate in favour of all stakeholders and that unstable groups tend toward decisions reflecting self-interest (Winnicott, 1965; Bion, 1959).

It has also been argued that when group 'culture' or 'mentality' alters, so does the mode of decision-making and that when the threat to the group culture from its environment is

severe, the greater the likelihood of decisions being influenced by unconscious processes
(Kets de Vries, 1991)

These particular issues will become the focus for this study and the next chapter will now go on to discuss an appropriate methodology for data collection and analysis.

Chapter 3

Research Methodology

3. Introduction

The literature review has facilitated an understanding of decision-making as a rational process and this will now form the basis for a well-defined research question. However, before investigating the role that unconscious motivation might play, we must first consider the means by which we can collect data.

Yin (1984) proposes that a researcher must first ask several questions:

- 1) What form should the research question take? Exploratory, descriptive, or explanatory?
- 2) Does the research require control over behaviour or does it seek to describe naturally occurring events?
- 3) Is the phenomenon under study contemporary or historical?

The next section will begin to explore a range of methods for researching this subject area.

3.1 Review of Research Strategies

In undertaking a piece of research, a researcher must choose between different approaches in making an area of interest 'researchable'. Gill and Johnson (1991) argue that the nature and content of the 'problem', as well as the extent of the available resources clearly influence this choice. It is also important to note that the different methods available have differing inherent strengths and weaknesses, which need to be taken into account in relation to the goals of the research when an approach is selected. In an attempt to illuminate these various strengths and weaknesses, we need to compare them in terms of several criteria that derive from the validity and reliability of findings.

With regard to the validity of any research findings, it is possible to distil three criteria that might be used in evaluation:

Internal validity:

This criterion refers to whether or not what is identified as the causes or stimuli actually produce what have been interpreted as the effects or 'responses'.

External validity:

Generally, this criterion refers to the extent to which any research findings can be generalised or extrapolated beyond the immediate research sample or setting in which the research took place.

External validity is often subdivided into:

a) **Population validity:** This criterion concerns the extent to which it is possible to generalise from the sample of people involved in the research, to a wider population.

b) **Ecological validity:** This criterion is concerned with the extent to which it is possible to generalise from the actual social context in which the research has taken place and data thereby gathered, to other contexts and settings. It is also related to the issue of how artificial or atypical the research setting is relative to 'natural' contexts typical of normal everyday life.

Reliability

This criterion refers to the consistency of results obtained in research. To satisfy this criterion it should be possible for another researcher to replicate the original research using the same subjects and the same research design under the same conditions.

We can now use these three criteria to evaluate some research strategies and to consider their potential strengths and weaknesses.

3.1.1 Experimental Research

The highly structured nature of experimental research designs, with their identification and manipulation of independent and dependent variables and assignation of subjects to control and experimental groups endows this approach with significant strengths of internal validity and reliability. Being highly structured, it is comparatively easy to replicate many aspects of an experimental research design. Moreover, its utilisation of matched control and experimental groups

enables observation of the effects of manipulating an independent variable while providing a high degree of confidence that the effects of any potential extraneous variables have been ruled out or controlled thus allowing the establishment of causal connections.

However, the 'ideal' experiment, in gaining these strengths through its high degree of structure, loses or 'trades off' naturalism: experiments tend to be low in ecological validity because of the artificial nature of the research process and context created by their very structure. Such weaknesses raise the issue of the extent to which any conclusions from 'ideal' experiments are mere artefacts of the research process and context and thus inapplicable to social contexts outside those in which data has been collected.

A further significant weakness in much experimental research is that it is often low in population validity since it may involve small numbers of subjects, who may often be volunteers. Researchers using experiments can, however, increase population validity by giving greater attention to the random sampling of subjects.

3.1.2 Action Research

Action research attempts to take the research design of the 'ideal' experiment out of the laboratory and into the field. By attempting to undertake research in relatively natural non-artificial settings there are seen to be gains in naturalism and therefore relatively higher ecological validity (Rapoport, 1970). Here, we confront the paradoxical relationship that exists between control and naturalism in research design. Through venturing into the field, naturalism may be gained, but only at the expense of losing the ability to manipulate the incidence of independent variables and control the incidence of extraneous variables. Except on rare occasions, in action research it is usually much more difficult for a researcher to manipulate the independent variable and assign subjects to matched and experimental groups (Jaques, 1951) Indeed, to attempt to create such groups often disturbs the

normal lives of subjects and so reduce naturalism. So, by increasing ecological validity, action research trades off internal validity when compared with the 'ideal' experiment. Similarly, in order to preserve the context in which research is undertaken the reduction in structure will frequently result in a relative decline in reliability, as it becomes more difficult to replicate.

Researchers using an Action Research design often fail to give sufficient attention to sampling. This causes problems regarding population validity. While this may be understandable given the difficulties of gaining access in the field, it is not necessarily an intrinsic weakness of this research approach.

3.1.3 Surveys

The qualities displayed in survey research give it much strength in population validity and reliability. Surveys usually entail the careful random selection of samples that enable results to be generalised to wider populations with a high degree of confidence (Frey, 1989). By using questionnaires to gather data in a form that is quantitatively analysable, survey based research also is usually regarded as easily replicable and hence reliable. This high degree of structure although conferring strength appears also to create a relative lack of naturalism. The context in which data collection takes place will not usually be as artificial as the context of the 'ideal' experiment. Nevertheless respondents might often be constrained or impelled by the prompts of an interviewer or the rubric of a self-completion questionnaire. This may lead them to make statements that although fitting into the conceptual and theoretical proforma of the research, give little opportunity for the respondent to articulate the ways in which he or she personally conceptualises and understands the matters of interest. It is usually for these reasons that survey research is often considered to be relatively low in ecological validity.

Surveys are also considered to be relatively weak in internal validity as compared with experiments; that is, they have difficulties in their control of rival hypotheses (Moser and Kalton, 1971). For

instance, analytic surveys rely on the use of the statistical controls of multivariate analysis to control extraneous variables, and this potential weakens any causal conclusions arrived at. This is because correlation does not prove causation; the presence of a correlation is a necessary but not sufficient proof of a causal relationship. Moreover, the presence of a correlation gives little indication of the direction of causation between independent and dependent variables unless some temporal ordering is evident.

3.1.4 Ethnography

The more research is structured the more easily it can be replicated. Ethnography, with its commitment to unstructured methods of data collection creates difficulties regarding replicability, and consequently reliability. The manner in which the ethnographer has traditionally made sense of complex social phenomena is exemplified by the work of the anthropologist. Both early and contemporary anthropologists alike have been rich storytellers. Malinowski (1923) and Barely (1983) told the story of their experiential learning in the Trobriand and Dowayo societies in New Guinea. They strove to move from chunks of raw reality to the finished, interpreted, considered monograph. Although in the form of a story or monograph their works are designed to be pieces of analytic description. The ethnographic text supports the use of rhetoric and promotes the literary qualities of ethnographies. This approach is free to do this, as it does not subscribe to the view that there is a perfectly neutral way of understanding social phenomena. Consequently, ethnographic research can offer an extremely powerful insight. It places authority in authorship and in doing so legitimises the author's natural relationship and familiarity with the phenomena being studied (Atkinson & Hammersley, 1994).

Ethnographic analysis contributes much to an understanding of how decision- making is managed and emerges. Description can be used with data to impose a coherent order on the discrete chunks of

data collected. Interpretative approaches such as ethnography reject what they perceive as the positivist's over-deterministic orientation towards an understanding of human action and behaviour. Instead it is argued that, unlike animals or physical objects, human beings are able to attach meaning to the events and phenomena that surround them (Douglas, 1976). From these interpretations and perceptions, they select courses of meaningful action that they are able to reflect upon and monitor. It is these subjective processes that provide the sources of explanation of human action for ethnographers and thereby, for them, constitute the focus for social science research. Thus the aim of such interpretative approaches is to understand how people make sense of their worlds, with human action being conceived as purposive and meaningful rather than externally determined by social structures, drives, the environment or economic stimuli.

Having considered some approaches to management research, the researcher is now confronted with a philosophical choice regarding the nature of human action and its explanation that has direct methodological implications. Which set of philosophical assumptions are implicitly or explicitly adopted regarding what Burrell and Morgan (1979, p. 6) have termed 'human nature' influences the subsequent choice of methodology. If we accept the philosophical assumptions of positivism the researcher may be drawn towards the exclusive use of experimental methodology. Conversely, if the philosophical orientation is interpretative, the researcher may be encouraged towards an ethnographic methodology. The following section begins to describe the choice that was made in relation to this study.

3.2 Qualitative Analysis

There is much justification for taking an inductive approach in social science research (Gill and Johnson, 1991). Explanations of social phenomena are said to be relatively worthless unless they are grounded in observation and experience (Glaser and Strauss, 1967). They also argue that in contrast to the speculative and a priori nature of deductive theory, theory that inductively develops out of systematic empirical research is more likely to fit the data and thus is more likely to be useful, plausible and accessible.

It is from this position that this chapter will begin. First, a schema for qualitative analysis will be described and then the loose inductive research methodology to underpin this study will be discussed.

Marshall and Rossman (1987) argue that there is great value in Qualitative analysis for certain kinds of research. For example, research that cannot be undertaken experimentally for practical or ethical reasons; research that seeks to explore unknown social structures or innovative systems; research on informal and unstructured linkages and processes in organisations; and research on 'real' as opposed to stated organisational goals. In short, the strength of Qualitative analysis lies in its ability to illuminate exploratory or descriptive studies that stress the importance of process, context and content as well as the subject's frame of reference (Douglas, 1971)

Qualitative data analysis (see Figure 1) can be described as the process of moving from raw data (A) to a clear and coherent set of patterns and critical trends that allow theoretical comment (B). Miles and Huberman's (1994) schema is a way to understand how to get from A to B in qualitative analysis.

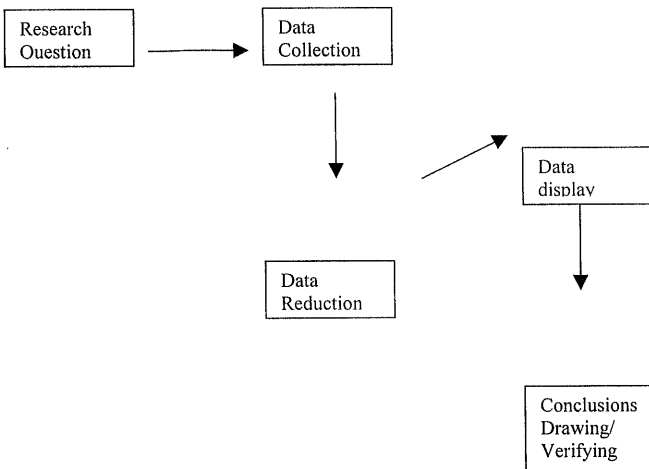
The first stage is *data collection*. This contains the proactive element of research design. Decisions

taken at this stage are to be inductive or deductive; theoretically loose or tight. These decisions influence the degree of flexibility in the latter two stages of the schema. The second stage is *data reduction*. This involves the process of codification, categorisation, searching for themes and writing descriptions of the data collected. The third stage, *data display*, is the process of organising the reduced data to allow the researcher to think about the theoretical and practical meanings of the themes and patterns in the data collected. The fourth stage is drawing and verifying of conclusions.

This schema, although not a strategy for analysis in itself is a useful starting point to orientate this whole study.

Figure 3

Miles & Huberman's Schema for Qualitative Analysis



This schema offers a way to view the task of qualitative analysis but is complicated by the fact that there are different ways to go about achieving the end product in each stage. In *data collection* many approaches can be taken (that are more or less inductively (i.e. explained by understanding) or deductively (i.e. explained via analysis of causal relationships) based) to achieve the end product of gathering data to answer the research questions. The end product of *data reduction* is a description and set of ordered themes. In an inductive approach this can be achieved using basic content analysis

(understanding subjective processes); an interpretative paradigm (using the actor's subjectivity) or by using the more sophisticated Grounded Theory (explanation formed using observation and experience). In *data display* the end product is interpretation of meaning. This can be achieved via vignettes, network diagrams or matrices.

First, a key research question will be considered.

3.3 Key Research Question

Defining the research question is the most important step to be taken in a research study. (Yin, 1987). This question represents a basic framework for the required data. Since the objective of this study is to examine Board decision-making behaviour and where the Board per se will be the unit of analysis, a key research question was formulated:

1. When Boardroom culture interacts with environmental change, to what extent is decision-making influenced by unconscious group processes?

A major problem in this research was that of gaining access to a senior management team. Winkler (1987) in his study of directors said that he wasted over a year of research time attempting to gain access and had an 85% refusal rate from Boards. However, Beamish and Crawford Plc, a major player in the Irish brewing industry, turning over £57m per annum, was willing to discuss the research brief but initially expressed reservations since the audio recording of group discussion in real time was perceived to be too invasive. It is also to be noted that the assumptions, skills and qualities of the researcher impact upon this whole process. Particularly in the Irish culture, where the

study was conducted, relationships of trust are slow to become established if one is not of that nationality. Erikson (1959), Williamson (1985) and Dikken (1997) have all indicated that the process of establishing trust is rooted in meeting another's expectation of reliability and constancy in the management of personal exchange. It is the foundation upon which the predictability of behaviour is laid and honest exchanges of views cannot proceed without it. After a series of protracted negotiations and personal introductions, Beamish and Crawford Plc granted the researcher limited high level access.

Research was then initiated based on:

- 1) Informal contacts with Board directors; personal meetings; telephone calls; social evenings; presentations and letters, numbering some one hundred and five contacts over two years (200 hrs +)
- 2) an examination of company archives; 150 bound volumes accessed twenty five times for two hour sessions over two years
- 3) a questionnaire for each director; transcription and interpretation (50 hours)
- 4) an individual interview for six directors, based on the questionnaire; transcription and interpretation (80 hours)
- 5) the audio recording of 'real time' decision-making in Boardroom discussion; transcription and interpretation (100 + hrs)

The recordings were made professionally by a University audio technician in the Boardroom of this

Company which was established in 1792.

The rationale for the development of the questionnaire was a psychodynamic one. As newborns, all individuals instinctively first try to make some sense of the way in which the external world impacts upon us. We then engage in object formation and attachment, (usually a mother), still seeing the world as undifferentiated from self. We then finally develop some sense of our own self and the impact we make upon the world (Winnicott, 1965). The questionnaire has been designed to replicate this developmental form so that the familiarity of the path may aid the attempt to examine important relationships.

Initially, the researcher conducted a series of informal meetings as well as observing this small group of six directors. During this initial period, information about the espoused change programme and the issues that appeared to face the company as stated by the directors was gathered. From just 'being there', knowledge about the core group of directors, their current interests and goals, and how they talked and presented themselves generally was also being noted. The tape recordings themselves were collected with reassurances of confidentiality and minimal disruption to directors' meetings. During the informal meetings, the researcher soon discovered that, for the directors, the significance of the management of the general change programme as well as a sudden product failure in the market place was greater than any interest in the researcher. Consequently the need to monitor their interaction affected by my presence, was over-ridden by a need to track the dialogue and to determine what was happening at a non-rational level as they talked.

3.4 Personal Director Histories

Owing to the psychodynamic nature of the research which makes assumptions about the impact of an individual's early years experience on the quality of individual and group relationships in later life, it was deemed necessary by the researcher to investigate personal director histories. Since the researcher had developed sound relationships with these directors as a result of previous data gathering, co-operation was granted and the following areas were discussed with each director.

1. Birth History

Method of delivery; term or premature; mother's experience of pre-natal trauma or not; any post-natal trauma;

2. Early Years

Early childhood illness; any separation from mother; any deaths in family; age of walking; age of speaking

3. School Years

Age going to School; problems of integration; reading/writing proficiency; emotional disturbance (e.g. bullying; enuresis, encopresis); relationship with Father and siblings

4. Latency

Work ethic; ambition; hobbies; peer relationships

5. Puberty

Relationship issues; sexual education; sport; maturation

6. Teenage Years

Parental problems; leaving home; career issues; sexual experimentation

7. Marriage and Work

Relationship with wife; separation; relationship with children/colleagues; ambition; progress; relationship with parents; the future.

The data gathered from the Directors on the above subject areas will be incorporated in the interpretive analysis of the questionnaire, interview and the boardroom tape recording.

3.5 Planning for the Fieldwork

The fieldwork took two years to complete and in the course of it, several issues were encountered. The top team, and in particular, the Personnel Director, was initially reluctant to co-operate because of a Marketing Consultant who had betrayed the trust of the company some years earlier, the impact of which was still fresh in the minds of those involved. The company had been involved in serious local competition and this Consultant had allegedly leaked sensitive information.

Therefore, first, if the researcher was going to be successful in getting close to the Board, then generating *trust* in the relationship would be important; second, establishing constancy and reliability in the context of continuing relationships too would smooth the path; and third, creating the basis for an attachment of the Board to the researcher would, it was believed, secure the offering of data. *This is, in effect, enacted object relations theory.*

3.5.1 Generating Trust, Reliability and Attachment

Erikson (1959) has elucidated the developmental stage that occurs between birth and two years old as a time in which an infant will either grow an inner sense of basic trust or mistrust in their parent, usually the mother. This is determined by a routine of promises kept; by feeding at the appropriate

time; by changing the infant before distress sets in; and largely by 'being' there when needed.

Failure to do these things, he suggests will result in the development of mistrust in the infant. Instead of a child growing up with a positive attitude to life and seeing the world as a place of opportunity, the child who cannot trust his/her parents will see the world as a hostile place in which they will have to perpetually and aggressively defend themselves against all odds.

Based on this model, the researcher began the preparation of the ground in anticipation of collecting data. Initially, the entry to Beamish and Crawford Plc had been facilitated by a colleague on the basis of a company request to University College, Cork for help to make the Board more effective. This researcher met the Board, paying due attention to the boundaries indicated by starting and finishing times of the appointment, and agreed a series of Board and individual appointments as part of the project. Over the course of six months before data collection began, the researcher met the Board five times in the B&C Plc premises. The researcher remained faithful to the brief, and most importantly, to the time allocations for those meetings. In addition, the researcher attended social evenings, when the work was *not* discussed, and many hours were spent getting to know the individual directors. In so doing, their wishes for confidentiality were respected and were *never* compromised. The researcher learned about their home lives, their families, their wives, their children, their interests, their hopes and ambitions, their criticisms of B&C Plc, and their frustrations with their lot in life. Bridger (1988) calls this process 'tuning in' and unless a researcher can place a positive prejudice in the minds of such subjects towards him/her and confirm themselves as predictable individuals, it is unlikely that a sound relationship will develop.

A perception of reliability can only occur over time. It is also helpful if this perception can be triangulated between several sources. Thus the researcher accepted invitations to meet Directors' wives and children at corporate parties and at dinner parties at their homes. Here, it was possible to talk to the Directors' wives about *their* views of Beamish and Crawford Plc and get their perspective on corporate issues. In addition, the researcher's credibility was enhanced further when he engaged

the Directors' children in conversation about their progress at School, hobbies etc.

Slowly, the researcher came to be seen as a valued contributor to process of debate at Beamish and Crawford Plc.

In due course, a long, in-depth interview with the Personnel Director who acted as gatekeeper to the Board and who focused on the potential company benefits and the research objectives, preceded an invitation to present a proposal to the members. A group who felt reassured about my motivation and intentions listened to my presentation. The Personnel Director drew my attention to a company rationalisation some four years before when almost 50% of the workforce was cut and said that the organisation was only beginning to recover from this. However, his view now was the Company needed to invest in understanding itself better in order to build a platform for international competitive advantage.

Due to the investment of time in building trust, it was possible in the end to collect data based on a loose inductive research design.

3.5 Data Collection Sources

The data required for this study was collected from four sources: a) company archives
b) a questionnaire for individual directors c) an individual director interview and d) audio recording of the top team boardroom discussion. This section will provide detailed information on these sources.

3.5.1 Summary of Data Collection Effort

1) Company Archives

Beamish and Crawford Plc opened its doors as a family business in 1792. Based in Cork, Ireland it produces stout and lager under licence for national and international markets. It turns over £1957m per annum and currently employs 180 people. It was taken over by Scottish and Newcastle Breweries (UK) in 1997. Its 206-yr. history is contained in 150 bound volumes and many loose papers in company archives. The researcher had periodic access to these and the next chapter will give a detailed, critical account of the family company history and its competitive environment.

2) Individual Directors

There were six directors on the top team. They requested anonymity in the reporting of this study, hence their designations and role responsibilities only are given as follows:

- | | |
|---------------------------------|----------------------------------|
| 1. Managing Director | 2. Finance Director |
| 3. Sales and Marketing Director | 4. Production Director |
| 5. Personnel Director | 6. Business Development Director |

3.5.2 The Top Team

The group here is regarded as Bion's (1959) 'work group'. He states that basic-assumption activity is instantaneous, inevitable and instinctive (Ibid, 1959). It makes no demands upon the individual for a capacity to co-operate but depends on the individual's possession of valency, a term from physics that means the instantaneous involuntary combination of one individual with another for sharing and acting on a basic assumption.

The work group cultures referred to by Diamond (1991) and which were based on Bion's (1959) research can be seen in a developmental sequence: (Table 1):

Table 1. Work Group Cultures

<i>Culture</i>	Homogenised	Institutionalised	Autocratic	Intentional
Authority	Leaderless	Hierarchical	Charismatic	Collaborative
Transference	Persecutory	Idealising	Idealising	Non-neurotic
Psychic Structure	Id	Primitive ego	Superego dominance	Ego strength
Psychosocial Dilemma	Trust	Autonomy	Initiative	Industry to integrity
Political Model	Laissez-faire	Bureaucratic	Authoritarian	Democratic
Work Relationship	No Learning	Little delegation	Single loop learning	Reflective learning

Adapted from Kets de Vries (1991).

These categories of work group culture can aid the understanding of the underlying psychodynamics of group transition from one culture to another. The key dynamic behind any such transformation resides in the transference relationship between leader and followers. The collective escape from a primitively regressive homogenised group culture begins with the often-unconscious establishment of a certain form of leader-follower relations.

3.5.3 Transcription

Transcribing any spoken text is a time-consuming activity. The researcher was dealing with group discussion and two-person interviews, and it is the intricacies of interaction and *not* just the 'content' of what is said that must be transcribed. In addition, both Fairclough (1992) and Psathas (1995) have observed that it is the objectives of the research that guides the employment of particular symbols or system of notations. A key point made by Psathas and Anderson (1990) is that transcription *is* analysis since interpretations are being made and decisions are being taken about what to leave out. For example, the issue of silence may require a decision as to 'to whom does it belong?' (Fairclough 1992; Jefferson, 1989). Fairclough (1992) adds that depending upon the system of transcription it may 'take anything from six to twenty hours or more to transcribe *one* hour of recorded speech' (ibid: 229, emphasis added). In addition, recording clarity and the passion with which the directors in the boardroom spoke all impacted upon the hours invested to transcribe the dialogue. Identifying *who* was talking was less of a problem since the researcher was interested in locating the outpourings of the group 'mentality'. This meant that capturing themes and patterns of discussion was more important than locating individual contributions. A foot and headset transcriber also assisted the transformation of the dialogue into the written format as the tapes could be slowed down so that

inaudible speech could be discerned. Yet, even then there were occasions where there were difficulties in discerning the utterances (Psathas 1995, Psathas and Anderson 1990).

Transcription is then a 'selection process' where variation in transcribers' practices introduce directly and specifically the analyst's interests and theories (Psathas and Anderson 1990). The transcripts generated from the boardroom dialogue recorded false starts, hesitations, interruptions, silences and tonal changes which all gave clues to aid the interpretation.

Reducing such data and displaying it coherently depends on an appropriate research design and it is this that we will turn to now.

3.6 Research Design

This section will refer to the specific methods used to investigate Board decision-making. The development of research design is important for carrying out case studies. It guides the researcher in the process of collecting, analyzing, and interpreting data. Hence it enables him to “draw inferences concerning causal relations among the variables under consideration” (Nachmias and Nachmias, 1976, pp 77-88).

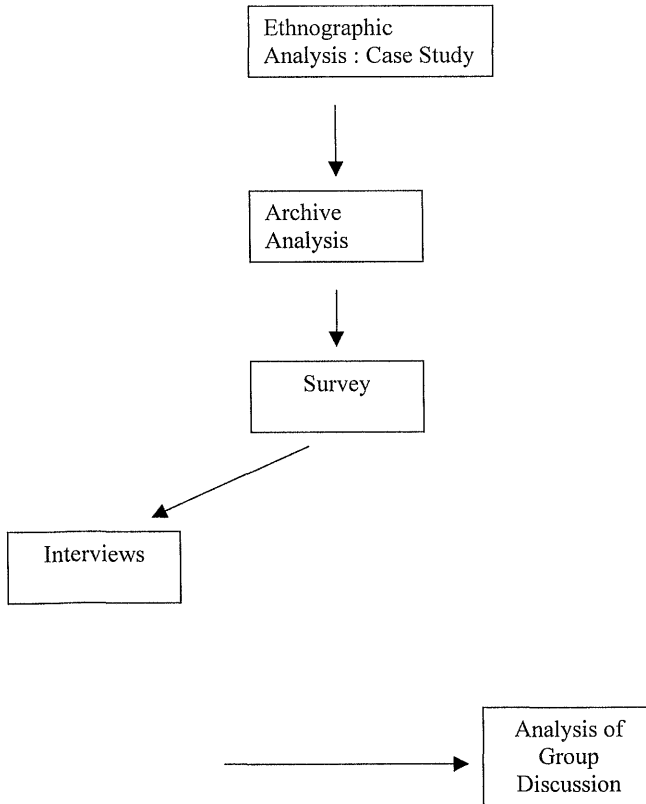
For this particular study, what kind of approach should be taken in the task of *data reduction* and *data display* to answer the research question? This study intends to contribute an understanding of how boards of directors collectively construct decisions. Because this area of research does not have well delineated concepts and relationships to examine, an inductive design will be followed during data collection. It will be driven by the ethnographic method using a case study approach, and

therefore, the majority of data in its rawest form will be suitable for a wide range of qualitative and inductive analytic activities. These are shown in the schema (Figure four) below.

Each level of this schema will now be described at the conceptual level.

Figure 4

Schema for Analysis



The above triangulation of methodologies as a means of studying the same phenomenon is recognised as a way to produce greater validity and reliability than a single methodological approach (Denzin, 1970). Sometimes described as convergent validation, it can be used to strengthen qualitative research findings by combining e.g. participant observation, interviewing and documentary sources (Hammersley and Atkinson, 1983). Unobtrusive measures such as non-participant observation and archival materials are also often used (Jick, 1979a). Mintzberg (1979a) believed that 'the field of Organisation Theory has paid dearly for its obsession with rigour in its choice of methodology'. Simpler, more direct methodologies, such as tracing the flow of decisions in an organisation, have produced more useful results, in his view, than those which have been significant in only the statistical sense. He also argues that small samples, especially in exploratory research should be encouraged rather 'than less valid data that were statistically significant' (1973). Following Mintzberg's line of argument, in this longitudinal study of one major corporate Board, a combination of methodologies drawing on archival materials, a survey, interviews and non-participant observation will be used.

The focus of this research makes a purely ethnographic approach difficult to justify. Although it offers description and interpretation, it is not the most effective method at allowing a deeper exploration of linkages between emerging concepts. To take this route would be implicitly subscribing to the view that the research was not primarily concerned with theory, but more with fact gathering. That is not to say that ethnographers do not concern themselves with theoretical debate, but for many it has not been their first concern. The ethnographic story telling, richly descriptive and analytic approach, however, does not offer the most efficient route to theoretical comment. Although there is value in ethnographic texts per se, analysis will have an ethnographic theme rather than an ethnographic strategy. The intention here is to use more structured, rigorous and acceptable means to make sense of and gain insight into the data. These methods are described in the sub sections that

follow.

3.6.1 Case Study

The case study takes shape as part of an inductive approach to research and the empirical details that constitute a board of directors would be considered in the light of group discourse. The term 'case study' refers to an intensive observation of an individual unit (rather than a total population) in order to throw light on particular research questions. The board is, according to this approach, first and foremost, an experience containing the meanings and symbols involved in the interactions of the actors (Hamel, 1993). The actor's point of view is said to be, in essence, the subject under study as Becker (1970a) explains:

'To understand an individual's behaviour, we must know how he perceives the situation, the obstacles he believed he had to face, the alternatives he saw opening up to him. We cannot understand the effects of the range of possibilities, delinquent subcultures, social norms and other explanations of behaviour which are commonly invoked, unless we consider them from the actor's point of view'(p.64).

It has been argued, however, that the actor's interpretation of experience alone cannot reveal 'the concealed internal logic of social reality' (Godelier, 1980). These direct meanings are said to serve as a screen. Levi-Strauss (1967) used the term *unconsciousness* to describe the fact that the meanings attached by social actors to their own social experiences cannot explain the properties of the social relationships that make up their direct experiences. Revealing these properties, it is said, requires the introduction of theoretical models like the logical-mathematical models that Levi-Strauss used to reveal the structure of kinship systems, myths and table manners. This study will use a

psychodynamic model to explain the experience of decision-making in an elite group social structure.

First, we need to examine the characteristic strengths and weaknesses of the case study approach.

3.6.2 Characteristics of a Case Study Approach (Adapted from Hamel, (1993).

The following characteristics highlight the particular strengths of the approach:

- Focus is on *contemporary* events.
- Complexity of the object is *studied intensively*.
- Phenomenon is examined in a *natural* setting
- Multiple - method* collection of data
- Results depend on the *integrative* powers of the investigator.
- Changes in site selection and data collection methods may take place *during* the research.

One purpose of the case study technique is to obtain "a better knowledge of the significant variables rather than the final testing of a well-formulated theory" (Katz, 1965, p.65). This instrument provides for flexibility in approach, allows freedom to the investigator regarding the quantity of data to be collected, the procedure (s) adopted in collecting it, and the sources of information to be used. In examining contemporary events, some see it as the preferred method (Yin, 1987).

The case study approach facilitates greater depth of study compared to other methodologies. The reason is that the investigator focuses study on the small scale, e.g. a single company or a single group. The dynamics of interaction are clearer, the process of observation is continuous, and multiple perspectives can be developed. (Katz, 1965).

Case studies are also useful in exploratory research. Selltitz *et al.* (1962) maintain that this approach is particularly useful in unformulated areas, where hypotheses for further research may emerge.

Yin, (1987) particularly emphasises the importance of the case study as a research strategy in the social sciences, the purpose being to explore the processes involved in the social construction of reality and to gain a better understanding of the relationships between variables. Katz, (1965 p 79) indicated that the main advantage of it is its "inductive procedure, its potential for discovering significant variables and basic relations that would never be found if... research [was] dictated by a hypothetical-deductive model". It is well known that the case study method has a number of strengths and weaknesses. These will be discussed after examining the potential validity and reliability of the approach.

3.6.3 Validity and Reliability

The validity of a method of data collection is determined by whether the findings can produce a correlation of cause and effect and whether those findings can be generalised to other settings. The reliability of such a method refers to the replicability of the findings using the same research design under the same conditions. The validity and reliability of the case study approach can be underpinned in the following ways:

- a) The use of different sources of data (questionnaire, interview and group discourse) will contribute to the overall data validity and reliability (Mitchell, 1985).
- b) The generalisability, i.e., external validity, of case study data can be assessed where comparable data on a reference population are also available.
- c) The composition of case narratives serves as a data validation function. Internal validity can be enhanced in that gaps and inconsistencies may be exposed and subjected to resolution. External validity can be tested by the believability of the story to the outsider.
- d) Case studies are sometimes costly to conduct. Efficiency may be achieved where a conceptual framework and a set of procedures guide the work that focuses the data collection effort.

Kerlinger (1973) considers the case study approach is strong in realism, significance, strength of variables, theory orientation, and heuristic quality. Generally, "the more realistic the research situation, the stronger the variables" (Kerlinger, 1973, p.402). The realism similarly increases the external validity, hence generalisation made from the study to other situations becomes more valid. Heuristic quality is high because the researcher can use experience and practical efforts to find answers to questions or improve performance. Therefore, this field is "rich in discovery potential" (Kerlinger, 1973, pp.407)

The case study has the unique merit in that "people involved in communication activities maintain contacts and often have information which does not appear in their official reports" (Katz, 1965, p.69). Stake (1981, p.32) has emphasised that "a good case study could provide different and better knowledge than statistical generalisations by providing more valid portrayals, better bases for

personal understanding of what is going on and solid grounds for considering action”.

It is usual that some information obtained from respondents requires additional exploration. Such work on e.g. discordant information may reveal whether differences “are a function of idiosyncratic perception and experience or a reflection of group membership and role differences” (Katz, 1965 p270).

The particular advantages of using case studies are as follows:

- a) The research tends to continue over a period of time, and so does the process of observation. The usually prolonged involvement of the researcher means that interconnections of events can be traced over this time, so that processes can be linked. This allows the cross-checking of data and findings.
- b) Observation techniques can be employed directly, so it is possible to obtain description of the same sets of data provided by respondents (Bower 1970, Gorton and Carr, 1983).
- c) The technique allows reactions and perceptions to be obtained from individuals whose behaviours are interrelated and who make up the particular social structure.
- d) Case studies are unique in enabling the researcher to observe events in their natural setting. They can also furnish a deeper understanding of surveys.

3.6.4 Limitations

As a research method, the case study approach has a number of limitations, Katz (1965); Bloom and Fischer (1982); and Yin (1987). These can be summarised as follows:

- a) Rigour may be compromised because questionable evidence or biased views may influence findings.

- b) Like all exploratory research, findings of a single case study should be seen as tentative. However, insight can be gained and areas suggested for future research. A single case study cannot be representative of the whole population, although within multiple case studies there is an attempt to increase the range of generalisation. Some writers indicate that the findings of any case study could be considered as a guide for generalising to similar studies in the future (Yin, 1987; Zikmund, 1984). Furthermore, case studies should perhaps be evaluated in terms of the adequacy of the theoretical inferences that are generated (Yin, 1987).

There is, however, a suspicion of generalisation based on statistical deduction at a single point in time. Findings based on samples, however large, are often stripped of their context when generalised across time and space. Cronbach *et al.* (1980) has suggested the term *extrapolation* to replace the notion of generalisation. Unlike the usual meaning of generalisation, an *extrapolation* means that the researcher has gone beyond the narrow boundaries of the study to consider other applications for the findings. Extrapolations are modest conjectures on the likely applicability of findings to other situations under similar, but not identical, conditions. Extrapolations are logical, thoughtful, and problem-oriented rather than purely empirical and probabilistic. They are helpful when based on information-rich samples and designs.

c) Data collection procedures are not subject to routine. This means that data needs to be managed solely by the researcher and not by an ancillary. Skills required for collecting data are more demanding than in experiments and surveys. The requirement for such skills may be seen as limiting the activities of researchers. These skills can be identified as follows:

- The ability to ask appropriate questions and secure reliable answers. Questions should be carefully worded and presented to facilitate obtaining answers which give information related to the objectives of the survey (Chisnall, 1986).
- Being a good listener in order to assimilate large amounts of new information without bias.
- Being adaptive and flexible, so that new situations can be seen as opportunities, not threats.
- Being free from preconceived ideas, including those derived from theory. The researcher should be sensitive and responsive to contradictory evidence.

d) Another problem facing the case study approach is the likelihood of the lack of co-operation by respondents. This problem is related to the time required for investigation. A case study requires a significant amount of time on the part of both the researcher and the respondents to obtain the required information. A respondent might also change his behaviour as a result of the greater awareness produced by repeated questioning. This could affect research objectives.

e) The investigator needs to indicate the nature of the study and its objectives to respondents and this can take some time. Some issues which need to be addressed in this context are as follows:

- The researcher must explain clearly, and well in advance, the specific areas for investigation.
- Help is needed once the respondent begins to perceive issues in a new way. Working on a constructive approach to the respondent involves the creation of a new attitude towards the issues. The researcher, however, needs to remain as neutral as possible and avoid offering any personal views.
- Appropriate questions and behaviour need be used during meetings. Standard procedures and instructions need to be fully understood. If the researcher is unable to decide what questions are germane to the study and express them in easily understood language, he perhaps will not be able to accomplish his objectives effectively.
- The researcher may have to deal with aggressive, suspicious or difficult respondents. This requires the researcher to remain enthusiastic about the study even when he faces such difficulties. Thus, he must be able to secure co-operation without being coercive in order to avoid resentment (Hoinville *et al.* 1987).

In summary, it is only by means of good planning and thorough preparation before a case study is carried out, that problems to be faced can be satisfactorily overcome. In such a situation, the knowledge in a case study is more concrete and more contextual compared to other methodological techniques. The next section will now deal with methodologies utilised to extract data from the case study.

3.6.5 Archival Research

In the Beamish and Crawford Plc Boardroom and in several other locations in Cork city, there were 150 bound volumes of documents relating to the mainly financial progress of the Company since 1792. These were examined for data that could help shed light on the development of this family business over the centuries. These documents were then also scanned for information on the impact of these changes that were considered to be historically relevant for an analysis of present day Boardroom deliberations.

3.6.6 The Survey

The literature review provided the framework for the development of the survey. The review enabled the researcher to identify issues relating to the interaction of the '*autonomous self*' and its *environment* and the survey was designed only as an initial and gentle attempt to encourage the Directors to examine their own relationship to the organisational environment.

Hence, trying to explore how they *understood* the nature of their environment; how they constructed

their *expectations* of the group and how they *perceived* their own role in the group replicated an object relations approach to the phenomena under investigation. Did they experience a basic-trust in their organisation? Were they confident that it could sustain their survival? Did they feel secure in their role? These were all examples of questions that would test their strength of self.

A case study approach does not necessarily require a survey to obtain data needed for investigating the research propositions. However, one was used in order to ensure consistency, continuity and completeness in the interview process, especially in the context of a scenario where audio recording was also taking place. A personal cover letter accompanied each survey sheet that was sent out at least a week in advance of the interview to the members of the top team.

It read as follows:

Director
Beamish and Crawford Plc
South Main Street
Cork

January 12, 1998

Dear

You may recall that we met recently when I gave a presentation at Beamish and Crawford about my research into top teams. As a result of that I recently met Alf Smiddy, Managing Director, to discuss the way forward. I am pleased to say that he has given me permission to proceed with gathering data from the Company and has suggested that I write to each Director with details. The form that the data collection will take is as follows:

Stage 1 Directors' Questionnaire

I have enclosed a **three-part survey** along with this letter. The questions relate to 1) your **understanding** of how the top team functions 2) your **expectation** of what a top team should achieve and 3) your **perception** of your own role in it. I would be grateful if you firstly could answer these questions in detail and return the completed survey to me. **The information in the survey is confidential and it will be held only at UCC for purposes of this research.**

Stage 2 Interview with each Director

When I have received your completed survey sheet, I will telephone to arrange an interview with you during the following week. **This interview will focus on expanding your answers** to the survey and **I will take handwritten notes** of our discussion. The interview will last no longer than one hour. **Again, this information will be confidential to UCC.**

Stage 3 Tape recording of Board meetings.

I have been granted an opportunity to tape record Board meetings. Alf Smiddy is going to inform me about suitable dates. This will involve me in leaving a microphone on the table while you all meet and a University technician will, with your consent at an appropriate time, periodically change the tapes. **I will not be present in the Company premises at those times.**

All the data collected will again be confidential to UCC.

The data thus collected will be analysed and **I will feedback details** of my findings to you. It should provide a rare opportunity to understand how Boards function. I would be very grateful for your co-operation and please contact me if you have any questions (tel. 903272 ; fax 903377; e-mail jku@ucc.ie)

I look forward to hearing from you.

Yours sincerely,

This letter ensured that the Directors:

- a) could **examine in detail the questions** which would be asked in interview
- b) could **reflect upon them** and thereby prepare the ground for an in-depth answer
- c) could be confident that there would be **no surprises** during the interview.

The latter point was important in the ongoing task of creating a relationship of trust with the team members. However, the possibility was left open for exploring avenues that were not covered in the questionnaire with the consent of the respondent during the interview.

The questionnaire was aimed at discovering:

- a) the level of members' understanding about company strategy

- b) the members' expectations of the top team

- c) the members' perception of their own role in the top team

An effort was made to ensure that the questions used were relevant and easily understood.

Therefore, the questionnaire was revised several times and also pretested. It was important to try to evaluate the potential respondent's response to questions in terms of their clarity and intelligibility. It was carried out in the following way:

- a) Since this study was located in Ireland, an Irish Associate Professor of Management first examined the written questions for their linguistic clarity and their cultural appropriateness.

- b) Three senior Irish managers, attending executive development seminars at the University, were requested to critically examine the questions with a view to eliminating problems such as ambiguity.

The results of these pretests suggested that there was some need for revision. Some ambiguities were removed from questions and some questions were more clearly worded. The pretest, however, may have some limitations in terms of validity and reliability. To check validity in the questionnaire,

items are repeated in a different form, without destroying the conceptual meaning of the variable to be tested.

To check reliability e.g. in a member's attitude to the leader of the team, one must also check other answers in which the relationship to the leader has been raised.

Unless there is reliability, there cannot be validity and the converse is also true.

The survey (Appendix B) was divided into three parts. Part 1 intended to elicit data about the top team member's **understanding** of company strategy and the environment in which the company was operating. Part 2 focused on gleaning information about the member's **expectation** of the top team itself. Part 3 searched for data on the individual's **perception** of his own role in that team (all were male). The rationale for this structure was as follows:

- a) It was important to discover whether understanding about strategy, matched against the actual corporate position, was complete, partial or even misunderstood.
- b) This would then form a baseline for examining members' expectations of achievement of the top team.
- c) Whether these were realistic or erroneous would then, in turn, determine in large part an individual's perception of his own possible and probable contribution to that team.

The developmental logic of this structure then became the basis for the individual interview.

This research design, then, aimed to develop as rich a description of the situation as possible. To search for comparative data between different time periods in the same organisation; to engage in

data immersion and then to find themes, contrasts and causal relationships which might explain complex phenomena in small groups.

3.6.7 The Interviews

This particular methodology was designed to achieve the following objectives:

- a) Acquiring observations from directors (Managing; Finance; Sales and Marketing; Personnel; Business Development and Production) in the company.
- b) As a means of collecting data, it can yield effective material, even if the required data is beyond the individual's power to provide directly. (Cannell and Kahn, 1965). However, the interview is not the best instrument for observation in all circumstances, but used appropriately, it "might motivate the respondent to answer fully and accurately" (Kidder and Judd, 1986, p. 225).
- c) An interview can be managed more effectively and it is easy to explain any ambiguity in the questionnaire. It is not easy to tailor a question for every respondent (Cannell and Kahn, 1965), so questions should be in a standardized form that is understandable to all respondents. The role of the researcher is to simplify and clarify the questions to avoid misinterpretations or the respondent being misled.
- d) The interview may take some time as a consequence of the respondent having to orient his/herself to the topic under investigation. As a result, the "recall of relevant material is

facilitated” (Miller, 1970, p. 87). This may lead to improving the quality of data and thus of the findings.

- e) If some questions appear to be sensitive, they could be “carefully sandwiched in by the interviewer” (Miller, 1970, p. 87). The researcher has the opportunity to observe the respondent’s reaction, hence “can change the subject if necessary or explain the problem further” (Ibid.). The researcher also has the opportunity to ask more questions during the interview.

The interview completed, the process can then move on to examine the individual *in* the group and the group *in* the individual (Bion, 1959). In other words, how did the ‘group mentality’ affect individual functioning? This was a difficult area to research. It called for a method that could record the essence of this ‘mentality’ (Ibid.), symbolised by its verbal outpourings. Recording these outpourings in ‘*real time*’ is deemed to be a neglected area in the management literature (Samra-Fredericks, 1994)

3.6.8 The Board Meetings and the ‘One Way Screen’

The key challenge in this study was to try to understand and interpret respondents’ decision-making behaviour in the boardroom. To account for progress through one particular issue and identify the different ways it has been understood requires that all topics of importance to each respondent needed to be examined. Looking at this from a more general and pervasive level of ‘assumptions’

allows an insight into an individual respondent's motivation that guides behaviour at the general and not issue specific level. A general thematic analysis can be achieved by applying a psychodynamic perspective to transcribed data, thus creating the possibility of a psycho-social and non-rational explanation of decision-making.

Methodologically, the researcher felt it important to employ quasi-participant observation, a term borrowed from clinical research. When psychiatrists or psychologists are observing behaviour, they often have recourse to a one-way screen. This enables the clinician to examine the patients' behaviour without the patients being able to see them and without being involved, thereby having no impact on the said behaviour. The researcher in this study left a flat microphone on the Boardroom table to record the directors' discussion. Although the researcher was not physically present at the discussion, the directors' were aware that he was 'there' and would receive their recorded words. The awareness of presence, whether real (as in the case of the clinicians) or imagined, as in the case of this researcher, it is argued, could be construed as participant observation. Goffman (1968) remarked, 'when a situation is perceived as real, it is real in its consequences'.

Psychodynamic psychology, the process of understanding meaning and motivation in interpersonal relations, seeks to demonstrate how central psychological phenomena are related to one another in that context. Bion (1959) stated that any group of individuals met together for work shows work-group activity, that is, mental functioning designed to further a particular task in hand. His research showed that sometimes this aim was hindered by emotional output of obscure origin. He suggested that emotionally, the group acted as if it had certain basic assumptions about its aims. He further commented that verbal exchange is a function of the work group and the more the group corresponds to a basic assumption form, the less it makes any rational use of verbal communication. Melanie Klein (1930) has stressed the importance of the capacity for symbol formation in the development of the individual, and the breakdown of that capacity, Bion says, approximates to the formation of the

basic assumption group.

The 'language' of the basic assumption group is said to be debased (Klein, 1930). It lacks the precision and scope of the work group's sophisticated symbol use but according to Bion displays a 'universal linguistic'. He sustains this view by saying that every human group understands every other human group no matter how diverse its culture, language and tradition, on the level of the basic assumptions. The following example from his clinical work may serve to illustrate this point:

3.6.9 Bion's Case A

"For a period of three weeks in a patient group I (Dr. Bion) was in very bad odour - my contributions were ignored, the usual response being a polite silence, and then a continuation of the conversation, which as far as I could see, showed no sign of having been deflected by any comments of my own. Then suddenly a patient began to display what the group felt to be symptoms of madness, making statements that appeared to be the products of hallucination. Instantaneously, I found that I had been readmitted to the group. I was the good leader, master of the situation, fully capable of dealing with a crisis of this nature - in short, so outstandingly the right man for the job that it would have been presumption for any other member of the group to attempt to take any helpful initiative. The speed with which consternation was changed into bland complacency had to be seen to be believed. Before the patient began to alarm the group, my interpretations might have been oracular pronouncements for all the ceremonious silence with which they were received; but they were the pronouncements of an oracle in decay - nobody would dream of considering their content as worthy of note. Looked at from the point of view of an ordinary man attempting to do a serious job, neither situation was satisfactory. A group structure in which one member is a god, either established or discredited, has a very limited usefulness. The culture of the group in this instance might almost be described as a miniature theocracy."

This example shows, in Bion's view, *a regressive deification of the group leader* and that the power which groups possess can frustrate the needs of the individuals which comprise its membership.

Bion suggests that the culture that emerges is the result of this process.

This kind of dynamic interpretation used by Bion will be replicated in this current study but it may be important at this juncture to consider the current status of psychoanalytic data interpretation.

3.7 Psychoanalysis, Science and 'Truth'

The debate over the standing of psychoanalytic interpretation has often centred on the question of how one might establish the validity of its claims (Frosh, 1997). It has been made particularly contentious by the mode of operation of its central construct, namely the dynamic unconscious. In psychoanalytic thought, the unconscious is not an object to be observed; its dynamism includes its power to disrupt all claims to coherence and rationality, including those of Science, by irrational and emotive impulses. However, Freud (1933) maintained that psychoanalysis was a 'specialist science, a branch of Psychology' and that investigating the mind called for exactly the same principles as the scientific study of external objects. He continues, "it is simply a fact that the truth cannot be tolerant, that it admits of no compromises or limitations, that research regards every sphere of human activity as belonging to it and that it must be relentlessly critical if any other power tries to take over any part of it".

Despite Freud's view, Gellner (1992) claims that the psychoanalytic method shows a flagrant disregard for the basic principles of evidence required by scientific practice. He argues that it is best described as 'a mystical experience' and that because psychoanalysis places the unconscious as so central to its own discourse, that it is never possible to trust evidence. However, others have struggled to define ways of documenting what goes on in psychoanalysis so it is possible to be more

confident about the extent to which claims to knowledge are grounded in something resembling 'reality'. In establishing the relationship of psychoanalysis to truth, this is a crucial issue.

Grunbaum (1984) draws a parallel between scientific hypothesis testing and what goes on in the analytic setting. The analyst derives hypotheses about a particular patient from psychoanalytic theory; these hypotheses are translated into interventions (interpretations) which are tried out in the controlled setting of the consulting room. The patient's response is then closely observed and used to refine the analyst's understanding, in the long term reflecting back on the theory. Grunbaum also challenges Popper's (1973) view that psychoanalysis is unscientific because of the theoretical impossibility of falsifying its claims. He argues that focusing on clinical evidence makes it possible to establish criteria which would enable an objective assessment of analysis and refers to Freud's paper, 'A Case of Paranoia Running Counter to the Psychoanalytic Theory of the Disease' believing the title to demonstrate that the psychoanalytic aetiology of paranoia is empirically refutable. He further argues that the accuracy of an analyst's interpretation (hypothesis, theory,) could be judged by the degree to which it survives the test of the analytic encounter and promotes beneficial change. In distinguishing what is really happening in the unconscious of the patient and what the analyst invents, it gives psychoanalysts an object for study separate from their own speculations.

Flax (1981) argues that analytic progress arises from a 'mutually agreed' reading of the patient's experience so that in a hermeneutic sense, 'a truth' as opposed to 'the truth' is discoverable. He challenges Gellner's (1992) claim that this form of knowledge is inferior and irrational because it is emotionally rather than cognitively driven. In addition, he argues that 'much as Freud desired it otherwise, psychoanalysis simply does not and cannot fit within the empiricist or rationalist models of science or knowledge' (Flax, 1990). The unconscious constantly infects reason with its activity and no simple separation between rational thought and emotion is possible, comments Flax. He continues, 'our being is not defined by the capacity to reason, as Plato and Kant believe; by the ability to speak, reason and engage in political deliberation, as Aristotle argues; or by the power to produce objects of value or need, as Marx claims. The core of our being, according to Freud,

consists of unconscious wishful impulses that cannot be destroyed.'

Construction of a rational view of human psychodynamics, therefore, in his view, can only emerge in and through emotion and imaginative responsiveness. This leads us to a new take on the scientific standing of psychoanalysis and the kinds of evaluative evidence that is relevant to it. Instead of an insistence that an absolute division must be maintained between the subjects and objects of knowledge, the psychoanalytic method suggests that subjective and interpersonal processes have to be engaged with for 'data' to be understood and built into theoretical formulations. In the words of Habermas (1975) 'an interpretation is validated by the patient to whom it is directed. Analytic insights possess validity for the analyst only after they have been accepted as knowledge by the analysand himself. For the empirical accuracy of general interpretations depends not on controlled observation and the subsequent communication among investigators but rather on the accomplishment of self-reflection and subsequent communication between the investigator and his 'object'.

'Scientific' explanation of human conduct, it can be concluded, if it is to be as full as possible, requires an extension of the notion of science beyond empiricism and positivism. Broader criteria, for example, focus on human meaning, the spelling out of subjective and intersubjective processes, and the location and feeling states of the 'researcher' can be rigorously pursued so as not to lead to mysticism. The utilisation of such sources of information requires skills that are traditionally located outside science as narrowly conceived and include the interpretative and literary skills associated with hermeneutic study. More demanding, it requires skills of self-reflection and personal knowledge by which the investigator, whether clinician or researcher, demonstrates that his or her own feeling states have been engaged with and understood.

The researcher writing this thesis has completed a personal classical psychoanalysis, is currently in practice as an Object Relations psychotherapist and will utilise the above method in examining a Board of Directors qua 'patient' (Bion, 1959). This will be aided by the implementation of 'real time' data collection that is discussed in the next section.

3.8 'Real Time' Research

The audio recording of interactions as they *happen* has been termed *real time research* (Samra-Fredericks 1995,) as opposed to interviewing and observation. However, the interviews of the individual directors, and the data from company archives, facilitated the contextualisation of the group discussion. The reference to interactions *as they happen* is drawn from Boden's (1994) recommendation that there is a need to study organizations in this way rather than continue with the common practice of conducting studies after-the-event. In other words, rather than study the development of decision-making as *reported* by the directors, their immediate responses were recorded. In general, the collective talk was focused on agendas prepared some time in advance.

These agendas included:

- a) 'delaying' (stripping out levels of management),
- b) 'empowering' line managers to take responsibilities and establish accountability (training and development),
- c) developing human resource capability (to realise the espoused 'vision')
- d) ascribing negligence (product failure).

All of this dialogue was set against the immediate goal of securing various general and industry specific quality standards. When the researcher entered the organization the directors were approximately four years on from a major rationalisation and still, according to the Personnel Director, recovering from it. As a collective, and at a superficial level, they appeared to share a general (espoused) 'vision' of what the organization would be like in five years time. As individuals, responsible for specific functional areas, there were on going differences of opinion and inevitably conflict surfaced across the boardroom table.

A major issue of *when* to record the dialogue was resolved on a practical level by the researcher and was initially informed by Glaser and Strauss' (1967) suggestion of theoretical sampling. Since the general interest was in *how* do senior managers make decisions when face to face, dialogue recorded during the lengthy Board meetings was *selected* for detailed analysis. It is accepted that the dialogue during the more informal meetings between the directors, as well as in corridors, car parks and the men's toilets (all were men), impacted upon the development of 'decision-making'. Yet, this dialogue, if it was significant for the directors (their goals and interests) found its way into the boardroom through 'reported' speech. As the research progressed and the theoretical and conceptual focus crystallized, it was also deemed to be consistent with Forester's (1985, 1987, 1992) notion of a 'critical ethnography'. Social and political relations were also being explored enabling a grounded appreciation of the way power is 'exercised' in the boardroom. During the series of Board meetings in the company, I did not enter the premises. A University technician set up the recording and then left the boardroom. At no time did a researcher interrupt the meetings.

For their part, the directors expected 'feedback' sessions to comprise a *general* analysis of the interaction, as well as comment on the actual change programme and its management. It was important to state that confidentiality and anonymity would characterize the feedback and that no

one director would obtain information about any other. However, if any director wanted to hear my interpretation of their personal 'performance', then the researcher would have provided that. It was felt that this stance was important in order to build trust and to establish a clear and forthright mode of operation since the researcher would be part of the organization over many months to come. To achieve this, the Managing Director was clearly important. He was a man who respected this contract. However, given the invasive nature of the research, the directors expected to be consulted if and when the findings were to be made public. Understanding of the respondent's needs by the researcher and vice versa, is the only basis upon which research of this nature can continue. Exposing oneself to a critical analysis engenders anxiety, as does having to interpret such anxiety. All tapes have been coded and whilst the researcher has played parts of the tapes to fellow academics/researchers in various settings, they are carefully selected so that references to names, the company and the products are not voiced at any time.

3.9 Conclusion

This chapter has discussed the main elements of the research methods used in an effort to shed some light on the issues under investigation. A singleton case study approach was chosen and a triangulated methodology using archival research, survey, individual interviews and 'real-time' tape-recorded Boardroom discussion was used to deepen the search for data. The result of this process was archival research notes, completed survey sheets, interview notes, and transcribed group discussion.

The next chapter will focus on an analysis of the archival materials that Beamish and Crawford Plc possessed and which showed the historical development, competitive environment and current

performance of the Company. This will provide a detailed context in which to place this study.

Chapter 4

Archival Research

4. Introduction

Family Business literature is extensive (Storey, 1992; Deakins, 1990; Lank, 1989; Kets de Vries (1993), Birley, (1998) et al. These writers focus on issues like succession management, equity participation and remuneration policies among others in an effort to understand why so many families do not survive beyond the second generation. These writers also acknowledge that sometimes it is because these companies cannot separate out the family *business* from the *family in* business that survival is threatened. Beamish and Crawford as a family business survived some four generations and an understanding of the nature of their relational dynamics, it is believed, will create an appropriate context for this research study.

This section will first trace the development of the Company of Beamish and Crawford from 1792 to the present and then will examine in some detail the impact of the rationalisation in 1994.

4.1 The Beamish and Crawford Archive

There is a significant amount of manuscript material totalling some 150 volumes relating to the Beamish and Crawford company history located in four separate places in Cork city. First, in the Brewery itself, inside the Hospitality room, there are five

Private Ledgers containing records dating from 1792-1878. There are also Journals containing records dating from 1841-1891. The Ledgers contain mainly the P&L accounts and the porter, malt, barley, charges and brewery accounts. Second, the Company Secretary keeps records of the annual statements; copies of the references for the Census of Industrial Production; legal documents relating to the partnership of Beamish and Crawford in the last century; material concerning the capital of the Company; lists of tied houses; share registers and directors' minute books.

Third, the Cork Archive Centre houses some cashbooks; some early 20th century letter books; a number of agency ledgers and some general ledgers. Fourth, the Boole Library at University College, Cork has manuscript material contained in ten boxes. These relate mainly to land holdings around Co. Cork; wills where Richard Pigot Beamish was the executor; two of Beamish' letter books and correspondence sent to the firm during the 1850/60's.

The researcher has spent more than 50 hours screening these archives for useful and relevant background material.

4.2 The Rise of Beamish and Crawford

The Brewing Industry in Ireland in 1792 boasted some 320 companies, many of them very small, producing less than 10,000 barrels per annum. This number had dropped to 213 companies in 1831; to 100 in 1840; to 90 in 1870; to 40 in 1900; to 27 in 1914 and to 21 in 1914. Presently in 2000 there are 12 brewing companies in Ireland. Beamish and Crawford itself in 1793 was producing 11,936 barrels per annum, with a

total income of £27,649 and gross profit of £5883. In 1798 those figures were 48,832 barrels per annum, £118,681 total income and £32,366 gross profit.

Throughout the 19th Century, B&C grew rapidly, increasing its land holdings ten times over and its tied houses to some 200. However, in 1900, Guinness started to become serious competition for Beamish and from a high of 151,734 barrels in 1903, sales and production fell to 123,992 barrels in 1910. The only surviving record of Beamish and Crawford laying off workers was in 1907 and the references for 12 workers remain in their archive. The next occasion for redundancies was in the 1994 rationalisation.

In 1900, Guinness accounted for two thirds of all brewing output in Ireland. It produced 2.3 million barrels and the remainder 1.2 million. 1900 also saw the beginning of B&C negotiating with the new IGTWU. A low point was reached in 1926 when the Census for Industrial Production showed that only 25,000 barrels were brewed by B&C that year compared to the previous low of 32,000 in 1843. Between 1926 – 42, taxation on alcohol in Ireland went up and the market declined resulting in very low levels of brewing. Beamish and Crawford were then considered to be overstaffed and it is a problem that has remained with them.

The post-war development of the company has seen it raise turnover to £57m, against Murphy's £ 420m and Guinness' £930m. It has had several changes of ownership, being bought by Canadian Breweries in 1962, and recording its first ever loss in 1964. Thereafter it was taken over by Carling O'Keefe in 1974 and Elders in 1982. It is now a wholly owned subsidiary of Scottish and Newcastle Breweries, Edinburgh.

4.3 The Irish Brewing Industry

Barry (1993) argues that beer is important to the Irish, so much so that it has been immortalised through poetry and has been the subject of numerous Dail (Irish Parliament) debates. It is also of importance to the tourism and agricultural industries as providers of raw materials for the manufacture of beer. He adds that in Ireland, "according to studies carried out by the Commission of the European Communities, brewing is the third largest branch of the food industry, after meat and dairy products".

He also puts forward the argument that a change has occurred in the industry since the 1960's as more and more of the breweries are being run by accountants. It is also suggested that the industry has gone through a process of consolidation. This view was stated earlier by Brouwer (1981), who stated that there was "a decrease in the overall number of firms in the industry and expansion of the larger firms. External growth, that is, by way of mergers and take-overs, is the most noteworthy method."

The need to develop economies of scale was important and therefore mergers and take-overs have offered efficiency and perhaps specialisation of tasks.

Of the total Irish market, the two Cork breweries, Beamish and Crawford and Murphy's Brewery, have little market penetration outside the southern region. But these breweries have gained strength from the financial assistance they have received from the investments of international breweries.

Even though there is support from these larger international organisations, the local breweries are trying to hold onto their original Irish image. This unique identity, which Irish stout in particular has benefited from, might explain recent increases in exports and a consequent favourable balance of trade.

“While the export of Irish beer, in particular stout, is becoming more and more significant, beer imports though growing, account for only one pint in nine consumed in the Republic.” Barry (1993)

The trends of consumption in Europe as well as in Ireland are interesting. It is said that the average annual per capita consumption of beer in the European Community is 79.7 litres. The Irish consume around 90 litres. Germany, which is the highest, has a consumption of nearly double that of the average. Walsh and Walsh (1970) reported that there was an unusually high percentage of Irish personal expenditure devoted to alcohol. However, not as much as is spent in Germany.

“According to Department of Health figures, the consumption of alcohol in Ireland increased at a rate greater than any other EC country, excluding the Netherlands, between 1980 and 1990. However, sales of alcoholic drinks have fallen since then.” Barry (1993)

There is also another trend in the drinking habits of the population of the European Community. It seems that people are consuming more of their alcohol intake at home.

“While the numbers consuming beer outside the home are undeniably large, there are increasing trends towards drinking packaged beer at home. Reasons for this include:

1. Tougher drink driving campaigns.
2. A wider range of beer in cans. Draught flow technology for stout in cans perfected by Guinness and recently adapted by Murphy's.
3. An over-priced pint and relatively cheaper off-trade prices per pint.
4. Greater emphasis being placed on home entertainment (Barry, 1993).

The Irish Brewing industry is essentially a tightly knit oligopoly, with only a few firms, (3), accounting for the bulk of production and sales within the market. When facing such a market structure, the number of firms and size difference between the firms is important. A primary concern is the matter of choice facing beer consumers and the prices they pay.

Guinness have been brewing in Ireland since 1759 and by the 1970's, with increasing international competition from foreign lagers, a need was seen to modernise the ageing Dublin Brewery. In 1983, a five-year plan was established to update the brewery and meet international standards. Thus began a £200 million investment by Guinness in Ireland. In 1991, Guinness spent in the region of £40 million upgrading the company's Irish breweries.

In 1975, Murphy's signed a licensing agreement to brew Heineken for the Irish market. This led to the establishment of Heineken Ireland Limited to market the product. By 1983, the Cork brewery was in a depressed state, financially and physically. Heineken took over the brewery from receiver John Donnelly in that year, following efforts of Foir Teoranta and the licensed trade to revive the company. The Cork brewery subsequently became a wholly owned subsidiary of Heineken International. Prior to 1991, £40 million was spent on upgrading the Cork Plant and a further £15 million had been set aside for further development up to 1996.

In 1962, a number of bids were made for Beamish and Crawford including one by Guinness. The result was a purchase of the Cork brewery by Canadian Breweries. By 1964, Carling Black Label lager was added to the portfolio. In 1967, Bass Charrington took over the management of Beamish and Crawford and Bass began production of their product locally.

An agreement with United Breweries of Denmark in 1972 resulted in Carlsberg lager being brewed by Beamish and Crawford. Carlsberg withdrew their licence in 1987 when Canadian Breweries (Carling O' Keefe), and Beamish and Crawford were taken over by Elders IXL, known as Fosters Brewing Group.

From 1987 to 1988, volume collapsed by 47% due to Carlsberg pulling out and this was followed by two years of heavy losses. While the arrival of Fosters and more recently, Kronenbourg of Strasbourg were welcome, there is still ill feeling over the Carlsberg incident (particularly when Guinness acquired the licence). Richard Scully, Managing Director of Beamish and Crawford at the time, claimed that Beamish and Crawford had to pay Carlsberg royalties on all Beamish output, not just on Carlsberg product sales.

Beamish and Crawford also claim that it took twelve years for Carlsberg to achieve what Fosters did in two. Unlike Heineken's sensitivity to Murphy's core brand, it is alleged that Carlsberg merely used Beamish and Crawford as a vehicle to market Carlsberg lager in Ireland.

After the Elders take-over, it transpired that United Breweries tried and failed to purchase Beamish and Crawford's Cork Brewery. United Breweries claimed that Elders sought to 'Fosterise the World', thus putting Carlsberg in a hostile environment. The options were to go to Murphy's where Heineken was already being brewed, or make an agreement with Guinness in Dublin, which would ensure that Carlsberg would remain brewed in Ireland.

Barry (1993) argues that Ireland is a brand market where people ask for beer by specific names. The money spent on marketing reflects this and it is also reflected in the price that people will pay. The greatest growth market is in stout, while the others remain stagnant. Guinness have 80% of the national stout market, Murphy's have 12-13% and Beamish and Crawford have 6% of the Irish stout market.

Because of the competition between the three brewing companies, product innovation is important. Guinness developed the technology to put a 'widget' into their cans that allowed for the 'draught' effect in the home. Murphy's have also carried out research into this area, developing a special chemical formula to create the same effect as the Guinness 'widget'.

A more elaborate inducement involves Beamish and Crawford's establishment of the Brewing and Dublin Vintners Investment Company. Publicans are encouraged to buy shares in this company and in return, receive a guaranteed 8% annual return on

their investment, along with a bonus of 5% if they sell an extra 250 kegs of Beamish output. From the brewer's viewpoint, the publican is promoting Beamish products and is also paid his dividends in Beamish products.

In the autumn of 1992 Beamish and Crawford reported or filed a complaint to the Competition Authority about anti-competitive practices. Guinness were alleged to have offered inducements such as soft loans and extended credit to publicans. This followed a tax crackdown on licensed premises by the Revenue Commissioners, which put many publicans in financial difficulties, as those without a current tax certificate could not renew their annual trading licence. Such individuals were alleged to have received loans from Guinness in return for 'de-listing' Beamish and Crawford products. Beamish claimed that their stout was singled out for treatment due to its then recent increase in sales in Dublin as a result of a very successful pricing strategy.

Beamish appears to sell marginally better in the capital than Murphy's and this can be attributed to the fact that generally speaking, Beamish and Crawford price their product at twenty pence lower than that of Murphy's. It is claimed, however, that even though there is a twenty pence price difference, there is no quality difference perceived by consumers. As Guinness has a 90% share of the market in the capital, it makes the competition for the remainder even fiercer than on a national basis. The share that Guinness has is also a share of the most concentrated part of the Irish market.

4.4 Beamish and Crawford plc

The Cork Porter Company

The history of Beamish and Crawford began in 1792. Since the beginning there have been five generations of both families involved in the running of the business. The two people in 1792 who started the business were William Beamish and William Crawford. They took over Allen's Brewery on South Main Street, Cork that was considered the largest brewer of porter at the time. They began this partnership with a capital investment of two thousand pounds each. However, two other men, Digby O'Brien and Richard Barrett, brewers in the Cork area, joined them. These men could not invest in the same way as Beamish and Crawford but instead used their labour as a means of capital investment, building it up over the years to a sum of £2700.

However, by the year 1800, both Beamish and Crawford were the only two partners left in the business. The brewery was very successful in the first twenty years, and this yielded the necessary capital to create expansion. This arrangement was reflected in the partnership agreement that established the business in 1792. The agreement did not allow the partners to withdraw profits from the business for the first seven years. However, it recorded a trading loss in 1800, which resulted directly from the withdrawal of profits in that year. It is possible that the profits taken out at this point in time may have been used to buy out the other two partners and also was a method for both Beamish and Crawford to recoup some of the money they had spent.

Beamish and Crawford saw that there was a potential market in the Cork area at the time because of the limitations of transport. Any transportation of bulky items such as barrels of beer would have been very difficult. Had this been attempted, it would have caused considerable price increases as a result of serving larger populations. However, Beamish and Crawford were in the business of manufacturing and selling porter rather than ale. In general, porter enjoyed greater sales in the Irish market over ale. An added bonus at the time was that the English breweries were supplying more than 20% of porter to the Cork region. Because of their size, Beamish and Crawford quickly developed their market and ended up serving the bulk of the Cork and surrounding areas.

A second change in the ownership structure of the business occurred in 1828 when William Beamish died and was succeeded by his son Francis Bernard Beamish. This change started the fraternal feuding between the remaining five Beamish brothers. However, Francis Bernard Beamish was interested in politics and had many commitments in Westminster. He was the Cork Liberal Member of Parliament from the years 1836-1867. Because of this, he moved to England, making that his main home for the duration of his terms of office. This brought the issue of control into question in that he was rarely around to manage the business. Though the business was a large one, this lack of control put the brewery in danger.

The extent of the company's holding in Cork could be judged from the fact that it paid one-eighth of the city's rates in 1834. They also owned maltings, flourmills, and a

number of residential properties in the city. They continued buying such properties in the 1830's and 1840's.

“This investment in property may have been detrimental to their brewing business which was starved of badly-needed capital during this period.” (Bielenberg, 1991, pp.56)

In order to subsidise his efforts in Westminster, Beamish overdrew from the partnership and allowed his brother to do likewise. Francis Bernard accumulated a debt to the partnership of £10350 and his brother similarly accumulated £9000.

However, changes were afoot;

“In October 1841 when George Crawford, North Ludlow Beamish, and Richard Beamish, representing between them eleven twentieths of the firm, removed him and appointed North Ludlow in his place” (Cosgrave, 1989)

In 1834, William Crawford died. Since the partnership was divided equally between the two families, William Crawford had 50% of the business to pass on to his sons. He divided the shares so that his son William Crawford junior received $9/10^{\text{th}}$ and his other son, George, received $1/10^{\text{th}}$. Later the two brothers rearranged the shares so that each had 50% of the shares their father had left to them. The five Beamish brothers had received 50% of the business also and this had been divided equally amongst them. However, not all the brothers had an equal share in the management of the Beamish portion of the business. With particular reference to this problem, there was an agreement that acting partners were to be appointed or dismissed by majority and therefore, each family had a hold over the other.¹

¹ Directors Minute Book, January 23, 1834

In the 1840's there were signs of recovery in the brewing industry in Ireland as demonstrated by the growth in the size of the breweries. However the effect was that there was room for fewer of them. The following statistics speak for themselves;

1831	-	215 Breweries	
Mid 1840's	-	100 Breweries	
1870	-	90 Breweries	
1900	-	40 Breweries	(Cosgrave, 1989)

However, there were other factors affecting the sale of porter and beer in Ireland at this time. Guinness had realised the importance of marketing their product and expanding their customer base. This resulted in Beamish and Crawford facing stiff competition on their own turf.

Guinness's were much more successful in marketing their stout outside the immediate hinterland of the brewery than Beamish and Crawford. Guinness's even began to make inroads into the Cork market for stout in the second half of the nineteenth century, setting up a sales agency there in 1859. They had sold only 250 barrels there in 1835, but by 1868 their agent in Cork was selling £20,000 worth of stout per annum, rising to £35,383 by 1874.

“These inroads into the Munster market for porter may have partly accounted for the downswing in Beamish and Crawford's sales in the 1880's. (Bielenberg, 1991, pp.56)

Because of the fall in the number of breweries in the country as a whole, Cork also had its share in the downsizing. Where there were once sixteen breweries in the Cork area, there were only five left in 1860. Those that remained were Beamish and Crawford, James Murphy and Sons, Arnotts, Lanes, and one other unidentified brewery. In the following years, the growth of the industry continued and Beamish and Crawford led the industry in the Cork area. By 1900, it accounted for 34% of the city's output. The purchase of Lane's brewery in 1902/3 brought their output up 50% in Cork. Also in the early years of this century, both Beamish and Crawford along with Murphy's Brewery were the leading owners of tied houses in the county. These tied houses were difficult to run and were an administrative headache for the organisation but they did have their function as a distributor of the products of the organisation and helped them remain competitive with Guinness.

“Nonetheless, the letter books do show that the battle with Guinness, a battle in which Beamish and Crawford were dealing with an opponent who enjoyed considerable advantages, was fought with great tenacity.” (Cosgrave 1989 pp. 128)

The legacy of Beamish and Crawford is felt in many areas of Cork. Apart from being a major employer in the southern Irish economy, the owners were extremely generous to the city in general. 1870-80 was marked by the generosity of William Horatio Crawford who was a leading philanthropist of his day in Cork. He is remembered for

many donations to the Arts during this period. One of the benefactors was University College, Cork in that it owes 2/3rds of its Observatory to Crawford as well as donations to the Honan Chapel and Hostel. A large part of his personal library, amounting to over 30,000 books, was also donated to the College. Other notable donations to the city came in the form of assistance to the building of St. Finn Barres Cathedral as well as the Crawford Art Gallery.

The incorporation of the business occurred in 1895 with a share capital of £186,400, which was divided into 37,280 shares of £5 each.² These shares were 5% cumulative preference shares. At this time, A.F. Sharman Crawford had succeeded his father William Horatio in 1888 and was to become one of the first directors of the new company. On the other side of the partnership, Richard Henrick Beamish succeeded his father Richard Pigot Beamish and was also involved in the incorporation of the partnership. It was part of the strategy of the new company and its board of directors to use such a method of share issue, and this, added to the high price paid for the Lane's Brewery made the potential take-over bid by outside organisations an unattractive proposition. The company on paper was extremely over valued which is a fact that Guinness, who were the major take-over threat, were well aware of.

“Richard H. Beamish and A.F. Sharman Crawford, deliberately or accidentally, greatly reduced the attractiveness of Beamish and Crawford as a potential take-over victim for Guinness.” (Cosgrave 1989 pp 120)

However, the historian F.S.L. Lyons points out the threat posed by Guinness,

² Directors Minute Book, March 19, 1895

“By the turn of the century it is probable that Guinness accounted for 2/3 of all the beer and porter produced In Ireland” (Lyons, F.S.L., (1990) pp. 68).

Development of the company at the turn of the century took the form of organic growth as well as by acquisition. At this time, Beamish and Crawford began brewing their own ales. To add to their acquisitions, they also purchased St. Bridgid’s Well Brewery that was based in Dungarvan, County Waterford in 1906.³ This was to service a greater market in Dungarvan itself but also to expand their market in the south.

Shortly after this period of growth, the company faced the hardships of the First World War. However, in the years before the war, Beamish and Crawford put considerable effort into securing the business of the canteens in the various army camps in Munster, using existing clients to recommend their product to new customers and gradually extending their sales in this area. (Cosgrave 1989 pp. 137)

The war affected them in other ways also. There were restrictions placed on the amount of raw materials that they could obtain. Their market was affected in terms of a reduction in the size of the market and the fact that in a time of recession, people could not afford the luxury of drinking in public houses.

In 1923 there was a recurrence of interest in politics by members of the board of directors of the company. Richard H Beamish ran for election to a Dail seat in the 1923 general election. He won the seat and for the most part, voted with the Cumann Ng nGeadhal government. In 1924 the Intoxicating Liquor Bill was passed which introduced restrictions on the sale of alcohol, but this did not impose severe

³ History of Beamish and Crawford, Vol. 4, 1985, University College, Cork

conditions on the brewing industry. When the 1927 election for Dail seats was held, Beamish did not run for re-election, as he was sixty-six years old at this stage.

Around this time, various factors were highlighted by the census of 1926;

“The trend towards increased duty was to continue, and by 1926 out of a total value of Irish Beer production of £10.6 million, only £2 million was accounted for by materials and wages. (Census of Industrial Production, 1926).

This census also pointed out the fact that Beamish and Crawford’s output had fallen to its lowest level since 1843 which was between 20,000 and 31,000 barrels. This trend continued for many years until 1942, when the output of Beamish and Crawford was a fifth of capacity and it was supplying only two per cent of the market. In 1964 the company recorded its first loss since 1800.

4.5 Human Relations Issues

The issue of staff came to the fore at around the same time as the beginning of the First World War with the introduction and growth of Unions in Ireland. The wages and salaries that were paid to the staff in Beamish and Crawford was less than the national average.

Beamish and Crawford did not pay as well as other breweries, but their employees were allegedly between 35% and 40% better off than the average industrial worker.

“The firm employed between 3% and 4% of the waged employees in the brewing industry. This may in part be due to the size of the brewery, with smaller breweries

being more labour intensive than the larger firms like Guinness. It may also be due to the retention of staff during this period of protracted depression.”

(Cosgrave 1989 pp. 155)

The brewery was purchased by Canadian Breweries in 1962 and later came into the hands of Carling O' Keeffe in the late 1960's. Subsequently, Elders IXL, an Australian company, purchased it. In 1987 Beamish and Crawford joined the Foster Brewing Group. More recently, Scottish and Newcastle who are the present owners purchased the company. Scottish and Newcastle were later to become known as Scottish Courage. As of 1989, Richard Pigot Beamish as President of the company is the last remaining member of the original families who began the business, being the great, great, grandson of one of the founders.

In 1995, a new Managing Director was appointed at Beamish and Crawford. Of the three major breweries in Ireland, he is the only Irishman to hold the top position. The marketing director of Scottish Courage was also appointed to the board of Beamish and Crawford as its Chairman. The present state of the organisation can be summed up as follows;

“Beamish and Crawford is based on South Main Street, Cork and brews and distributes a number of leading beer products for domestic and foreign use: Beamish Stout, Carling Black Label Lager, Fosters Lager, Fosters Ice Beer, and Scrumpy Jack cider. It has customer service centres in Dublin, Limerick and Cork and employs 174 people.” (Barry O'Halloran, The Examiner 22/12/1995)

4.6 The 1994 Rationalisation Programme

“The key to optimism in Beamish and Crawford is their 1994 rationalisation programme which trimmed off the ‘fat’ in time for the Scottish and Newcastle marriage.” (The Examiner, 14/8/1995)

The major issues of the rationalisation programme that took place in 1994 included redundancies, operational improvements, a review of the distribution process and sales and marketing.

In June 1993, the company presented proposals to the workforce outlining seventeen changes they wanted to introduce in Distribution. Members of the Union objected to the titles given to these proposals. The use of, for example, "Restrictive Practices - Primary" in the proposals seemed to suggest to the workers involved that they were engaged in some form of industrial action (O'Donnell, 1994). The company agreed to replace the words "Restrictive Practices" with "Work Practices". The Union said that they were prepared to negotiate on all the proposals but only on the basis that there would be no compulsory redundancies. A series of local meetings took place in various departments, but little or no progress was made. A conciliation conference took place in August 1993 but failed to resolve the dispute.

In October 1993, Beamish & Crawford announced a restructuring programme involving the loss of 105 staff, seventy-nine in distribution and technical services and twenty-six involving production, finance/administration and customer services which

would create a saving of £2.7m. per year. The company announced that they were contracting out the entire distribution and technical services. According to a union spokesperson, the news of the proposed redundancies was leaked before the formal announcement. It had a traumatic effect on the workers concerned and their families (O'Donnell. 1994).

It was said that this programme for redundancies was drawn up following a major review of the business and was designed to secure the survival of this long-established family business. The Union rejected the company's attempt to contract out the distribution and service work and advised the company that strike action should be sought if the company proceeded along those lines. Before the first Company/Union meeting was due to take place in November 1993 the company advertised the jobs in technical services in the national press (O'Donnell, 1994). The Cork Branch of SIPTU voted in support of industrial action and a strike notice was served on the company to expire if and when the company contracted-out work or changed contracts of employment without agreement. The company gave a commitment not to introduce changes unilaterally and would revert to the union before any changes were implemented (O'Donnell, 1994). The timescale given for reaching agreement in distribution and technical services was March 1994.

In January 1994, the branch secretary of the union wrote to the company advising that members of the union had voted to enter into dispute with the company if changes in work practices or contracting out work were implemented before negotiations were completed and agreed on. This decision was taken because of the decision by the company to advertise the jobs in technical services, while negotiations were still

taking place. The branch secretary stated that the members now had no confidence that the company were prepared to observe normal procedures or to comply with what could be termed good industrial relations practice (O'Donnell, 1994).

At this stage, the company formally invited the Labour Relations Commission to appoint an Industrial Relations Officer to assist the parties in resolving the issues separating them. Conciliation conferences, with the Labour Relations Commission, took place in February 1994, but no progress was achieved. At the meeting management re-stated that they would continue to go ahead with their plans as outlined to all staff in October, and they hoped that a full implementation of the restructuring programme would take place before the end of March 1994. This was referred to the Labour Court, with a request for an immediate hearing. The Labour Court heard the case in March 1994.

The Labour Court recommended that organisational changes would have to be achieved if the future of the company was to be assured. The Court, however, recommended that 'there is an onus on the Company to fully consult with the workers and their representatives and to discuss in a positive way the extent to which redundancies can be avoided or lessened' (Labour Court, 1994).

The Court recommended that discussions between both management and union should take place in order to achieve the objectives of the company, and that these discussions should be chaired by an Industrial Relations Officer of the Labour Relations Commission. The Court also recommended that the discussions should

include voluntary redundancy, redeployment, early retirement and that the negotiations should be completed in a four-week period.

In March 1994 the SIPTU Branch Secretary wrote to the company stating that they wanted to put it on record that they deplored the decision of the company to reject the Labour Court recommendation particularly as it was the company requested the Labour Relations Commission/Labour Court to investigate the dispute (O'Donnell; 1994).

In the same letter, O'Donnell repeated that members of SIPTU would not accept compulsory redundancies. Further conciliation conferences were held with the Labour Relations Commission in March. Management and union representatives met in an exploratory meeting to agree terms of reference for further discussions. No significant progress was evident and after ten hours of talks agreement could not be reached on the terms of reference for the proposed discussions. According to Riegel, the discussions were described as 'talks about talks' - with formal negotiations about the settlement of the dispute expected to take weeks to complete (Riegel, 1994). A further conciliation meeting was requested in March, and the Commission also recommended that both sides agree to a four-week extension before imposing a deadline for acceptance of the proposed changes.

In March, the Company made a final offer for acceptance of the full rationalisation programme affecting distribution, technical services and production. They said that the improvements now being offered by the company would increase the cost of

redundancy from £5.1m to £5.8m, increasing the average payment from £50,000 to £57,000 per employee.

The Chief Executive said that at this time his ambition was to keep Beamish brewed exclusively in Ireland. He said that Beamish's UK sister company had subsidised the Irish operation at a rate of £25 a barrel over the past eight years. Over the five years since Fosters took over the group, when it acquired Carling in Canada, the full amount of the subvention had been £10m. Only for the £25 per barrel, underwritten by Courage for the stout bought from the Cork brewery, the loss for that year would have been £3m. and in 1992 the loss would have been £2.9m making total losses for the two years £5.4m (O'Mahony, 1994).

In April, the Chief Executive announced that the position adopted by the Union was to discourage and to dissuade individuals from applying for jobs with contractors. It was felt that was incomprehensible given the level of the package that was on offer, which amounted to approximately £57,000 per man, plus the security of a job with a contractor, and in addition the security of 200 very good jobs at Beamish & Crawford. (Smiddy, 1994).

Following lengthy negotiations with SIPTU, a large majority accepted the company plan, with minor reservations. These negotiations produced more than ninety volunteers for the company's redundancy and relocation package. The Company said that it was an extremely tense time and the Unions were saying that there was no way

that there was going to be forced redundancies. Communications were very difficult (O'Connor, 1996).

Meanwhile, after reaching agreement on ninety redundancies in mid-April, a further three weeks of negotiations with the Labour Relations Commission continued to try to reach a compromise on the remaining jobs. At this stage, eight jobs were at the centre of the controversy, which ended in pickets being placed on the brewery in May. This latest difficulty centred around a difference between Management and Union on what exactly SIPTU members agreed to in April when accepting an overall rationalisation and redundancy plan. The picket was the result of the introduction of contract workers in the security, canteen and cleaning divisions, where the eight jobs were located. The entire production process at the brewery was completely shut down because the sixty-four workers affected by the introduction of the contract staff were all located in the critical production division. SIPTU branch secretary rejected company claims that employees in mid-April had accepted the entire Management restructuring programme. He said that all that was agreed was technical services and transport, and that there was a letter from the Company stating specifically that agreement still had to be reached in the catering, security and cleaning divisions. It is said that it was the company who precipitated this dispute not the workers (Kelly, 1994)

As the strike continued, the Labour Relations Commission was again brought in for a meeting between Management and SIPTU members after management warned it would have to consider closing the plant in a matter of days and relocate all of production to Britain. In May, a general meeting of SIPTU members was held and the workers involved in the dispute voted by 57 votes to 13 to remove their pickets and

return to work. Under the terms of the deal, the security staff at the centre of the controversy would retain their permanent employment and would not be replaced by contractors for three months. If after three months, there were not at least three volunteers for redundancies the onus would be on the unions to come up with compulsory redundancies and the same procedure would apply in the case of three further workers due to be replaced by contractors in October. The positions in the canteen and cleaning divisions were contracted out immediately, with agreement of the Unions. Furthermore, there was acceptance on both sides for a proposal to establish a joint non-negotiating forum which would try and ensure that industrial relations between Unions and Management improved, and such strike action could be avoided in the future (Kelly, 1994). Both sides expressed their gratitude to the Labour Relations Commission, in particular, who was responsible for drafting the compromise proposals that ultimately saved the 200 year old brewery. Commenting after the result of the ballot, the CEO said that the company was particularly pleased that Beamish stout would continue to be brewed exclusively in Cork. He added that Beamish & Crawford was now entering a new era and the restructuring programme which had cost more than £5m ensured that the company was now in a position to compete more effectively for a greater share of the Irish and export markets (Kelly, 1994)

SIPTU also expressed satisfaction with the outcome of the dispute and said that the union had achieved its objective of avoiding compulsory redundancies at this time. It stated that the establishment of the joint forum would be a means of trying to ensure that disputes like the one which threatened the future of the plant in the past

week would never occur again (Kelly, 1994).

Within two months of the resolution of the strike, however, the first of a series of Labour Court submissions was heard. This dispute involved the re-location of eleven workers (eight employees in Distribution and three employees in Technical Services) at Beamish & Crawford's Marina Depot in Cork, before their work was given over to outside contractors. The eleven workers were then re-located to the Brewery in South Main Street in accordance with the overall Company/Union seniority agreement. The eleven employees were claiming for the implementation of the agreed relocation compensatory formula of two years plus eight weeks for loss of earnings. The company proposed to pay eight of the eleven workers involved the agreed formula of two years plus eight weeks, or alternatively the company said that the total amount for the eight could be divided between the eleven re-located employees. This proposal was totally unacceptable to the Union. The Union argued that it was their understanding that workers employed in Technical Services section would not be affected by compulsory redundancy. A previous agreement had been reached in April 1994, which removed the threat of compulsory redundancies in the Distribution section. The Labour Court, having considered the submissions from both management and the union, recommended that the company increased the amount it was prepared to pay out to £140,000 and that both sides met to agree a formula for paying out this sum between the eleven claimants. The Labour Court also recommended that this method of calculating compensation was to be treated by all parties as exceptional and would not create any precedents for the future.

In December 1994, the Management and Union had another submission for a Labour Court hearing. At this stage, the main issue under discussion was 'kegging'. The Company stated that they wished to operate continuous kegging throughout the day from 8.am to 5.pm without any stoppage for tea or lunch breaks 'in peak periods only'. SIPTU members outlined that following the resumption of kegging after the strike in May there were no objections to continuous kegging throughout the day as stocks were very much depleted. Further, there had been no objections to continuous kegging during the 'peak production' months of June, July and August, nor would there be during the month of December and into mid January which is the other peak production period of the year.

This facility was withdrawn from the Company at the end of August but the Company insisted they had a right to continuous kegging throughout the year as they understood that the agreement covered 'peak periods as required', rather than as production warranted. The Union argued that if continuous kegging was to operate through the year the workers would face further redundancies and more frequent lay-offs. Management argued that an LRC document on which agreement was reached stated that 'kegging and bottling lines will be operated at capacity'. The Company had interpreted this to mean continuous kegging with relief cover to be provided as necessary. The Industrial Relations Officer of the LRC was asked to clarify his understanding of the clause. The LRC clarification stated that insofar as kegging was concerned it was clear that while the technical capacity for the line was 400 kegs, the realistic assessment was that capacity performance would be of the order of 375 kegs. It was also clear that it was proposed to allocate 2 extra personnel to the line as

required so as to facilitate working through breaks etc. from 8.am to 5.pm (LRC, 1994).

The Labour Court considered the submissions and recommended that the Union should accept the clarification of the agreement by the LRC that states full operation of the kegging lane should continue throughout the day when production warrants.

The next Labour Court hearing which concerned the replacement of two SIPTU members was held in March 1995. One position was in the Technical/Engineering Stores area and the second was the post of a Brewing Day Operator. The Company proposed to appoint two workers from another branch of the Union to fill the vacancies. The Union rejected these proposals and said that the work in these two areas had always been the property of the Cork No. 2 Branch. They objected strongly to members of another Branch or other Unions being offered these positions over the heads of their members. These issues were discussed with local management on numerous occasions without success. The Company seemed no longer capable of solving problems at local negotiations as could be judged by the number of issues being referred out (Mullins, 1995)

After an LRC conciliation conference failed to reach agreement, The Labour Court heard submissions from Union and Management, and recommended that the jobs in dispute should be filled from the members of Cork No. 2 Branch of SIPTU. The Court however, recommended that for future replacements proposals by Management should be accepted.

Five months later, another Labour Court hearing took place. The subject of the hearing in this case concerned a deployment proposal. The Company proposed to appoint an ex-supervisor to a newly created post of Tillage Co-ordinator. This was an upgrading of a position that was formerly discharged by a general operative. The Union maintained that the present holder of the post who was an operative grade should perform this work. The Union objected to the replacement of the general operative by a person who held a supervisory post. The Labour Court considered the facts and alternatives and recommended that the option effected was the most suitable.

4.7 Beamish and Crawford post-rationalisation

One of the difficulties in assessing the performance of Beamish and Crawford since the loss of the Carlsberg portfolio has been the lack of financial information. It is a private company, and is therefore not required to return profit and loss figures. In 1988 Beamish and Crawford faced a bleak future, volume collapsed by 47% due to the loss of the Carlsberg franchise, and the company was losing £2.3 m pa. This figure included the Fosters' launch costs and redundancy costs (Luke, 1992).

By 1989, Beamish and Crawford moved modestly back into profit with a figure of £600,000. In 1990, profit was up again at £1.2 m. and in the years 1991-1992 profits of £1.7m were recorded.

Following the damaging strike in 1994, Beamish and Crawford reported losses of £2 million and questions about the plant's future were again raised. After the resolution of the industrial relations problems, outlined above, Beamish and Crawford completed a total restructuring to improve competitiveness and to allow the company to concentrate on brand development. In May 1996, Beamish Red Irish Ale was launched with the British market as its main target. Within one year of launch, it was already 40% ahead of its projected sales. In 1997, it was forecast that Beamish Red would grow by a further 50% (Luke 1997). The Company says a number of factors have contributed to the success of Beamish Red. The response by consumers shows that product quality and consistency are more than satisfactory. An investment in excess of £1m in the marketing and advertising of Beamish Red had a very positive effect on the brand, Beamish and Crawford claims. The investment has been spent on outdoor poster advertising, promotional activity and point of sale.

Also, consumer promotions have been organised which include trips to the home of Beamish Red in Cork (Luke, 1997).

In March 1997, Beamish and Crawford decided to launch a draught lager with national distribution in Ireland. Beamish and Crawford spent more than £2 million launching Miller Genuine Draught that is being brewed under licence in Cork. Beamish and Crawford in association with America's second-largest brewing group, the Miller Company, have chosen Ireland as the first European country to market the beer on draught. The Managing Director said that they were encouraged by the way

the licensed trade and consumer had received it. Miller bottled beer has now overtaken Heineken as the second-fastest selling bottled beer in the country (Luke, 1997).

The CEO said 'the company is looking for a fairly significant slice of the Dublin market', (O'Kane, 1997) but he declined to reveal any targets for draught Miller. According to O'Kane, Beamish, which had a turnover of about £60m in 1997, was taking a gamble on Miller, the first major draught lager launched in almost a decade (O'Kane 1997). Lager currently accounts for 42% of total beer sales in Ireland and 83% of this is sold on draught. The CEO explained that the total lager market grew in volume by 45% in 1996 ahead of the total beer market (Roche, 1997).

Three years ago Beamish and Crawford was a loss-maker with little future. Today, it is profitable with significant stout markets in both Britain and Ireland, and it has successfully launched Beamish Red Ale and Miller draught in 1996 and 1997 respectively. In 1996, Beamish won the biennial brewing industry international award, being voted 'Best Stout in the World' by jurors from sixteen countries (Hogan, 1997).

Beamish and Crawford currently has 170 employees, whereas in the mid 1990s there were 320 employees. There had to be serious changes in both the size and strategy of the brewery if it was to survive. The MD accepts that the change was a painful process -'but, I doubt that the brewery would still be around if it had not taken place' (Luke, 1997).

The Personnel officer has said that things have improved regarding industrial relations

generally although things could be better with the Union people on the general operative side. Before the 1994 strike, there was a non-negotiating forum and there may be a return to that again. During 1995 and half way into 1996 both sides were still fighting. On the commercial side, however, things have improved quite substantially. The introduction of Miller draft onto the Irish market and the increase of the export market over the last twelve months have been very important for the company. Beamish stout being voted the number one stout in the world has been a milestone for the company. The investment in technology and the new tankage capacity has meant that more beer has been brewed in 1996 than ever before. If rationalisation hadn't happened the company would now be closed (O'Connor, 1997).

The rationalisation programme that has taken place over the past five years has ensured that Beamish and Crawford has consolidated its position in the stout and lager market in Ireland and in Britain. Despite the painful rationalisation process, sources say the CEO has managed to maintain a good relationship with the remaining workers.

The Management and Unions agree that differences still exist on a number of issues in Beamish and Crawford. According to O'Connor (1996),

The Labour Court in the past has supported us in a number of major issues. Regarding agreements, there are of course a number of different ways in which agreements can be interpreted and again communication is a big problem.

The industry feels that the managing director deserves serious commendation for the turnaround in the brewery's fortunes (Luke, 1997: 21). The commitment from him together with the involvement of the Labour Relations Commission and the recommendations from The Labour Court ensure that the 205-year-old Cork brewery will, for the moment, be competitive in the market place.

According to Ralph Riegel of the Examiner, Scottish and Newcastle purchased 'Courage', the English subsidiary of the Australian Fosters Brewing Group. This gave them almost 25% of the UK market. Scottish and Newcastle then purchased Beamish and Crawford for Stg£425 million.

4.8 Conclusion

The family business has changed considerably over the years. Succession and birthright issues are still important and were affected badly by the 1994 rationalisation. Those dynamics and decisions of the Beamish and Crawford board still reflect earlier patterns of company behaviour, particularly in the ways they relate to each other, and these also affect their ability to be effective. The next section will examine the individual views of current directors in more detail.

Chapter 5

Research Findings 1

5. Introduction

This chapter will focus on the questionnaire and interview responses of the Directors of Beamish and Crawford Plc. A case study approach does not necessarily require a questionnaire to obtain the data needed to investigate research propositions but one was used to ensure completeness in the interview process. A personal cover letter and a questionnaire were sent to each Director approximately one week before the interview was due to take place. These meant that they could examine the questions in detail, reflect upon the issues, and were also assured that the format as presented to them there would be the same one they would meet at the interview. However, it was agreed with them that we could explore other relevant issues during the interview if they wished.

The literature review provided the framework for the development of the questionnaire. In that review a psychodynamic approach to the understanding of individual development was elucidated. This referred to several stages of early development:

1. Individuals instinctively try **to make sense** of the way in which the external world impacts upon them.
2. They then engage in **object formation and attachment**, still seeing the world as undifferentiated from self.
3. Then individuals finally develop **a sense of self** and its corresponding impact upon the world.

The questionnaire was designed to replicate this developmental path, was structured in three parts and took the participants on average 1 hour to complete.

Part 1

This part was designed to elicit data about a top team member's **understanding** of company strategy and the external operating environment. This was the equivalent of a '**making sense**' of the environment and its subsequent impact.

Part 2

This was designed to explore the individual's level of attachment to the organisational group and **their expectations of its ability to sustain their survival**.

Part 3

Finally, an analysis of **an individual's contribution** to that team performance was necessary. The strength of their sense of self would give some clues as to the potential group culture.

The interview process was structured around the case study. After completion of the three-part questionnaire, the six Directors returned the detailed responses to me. Then after a period of one week, which gave time for some of these issues to be turned over in their minds, appointments were made to interview each Director. These all took place in Beamish and Crawford's premises and followed a 'semi-structured' format (Merton and Kendall, 1957). Interviewees were thus able to follow unexpected lines of enquiry at will (Easterby-Smith *et al*, 1991).

Each interview opened with a series of non-recorded discussion about the organisation to facilitate an easing of the relationship before more direct questions were asked. The interviews with each Director were tape-recorded and lasted on average 2 hrs.

5.1 Method of Data Analysis

In an attempt to adopt a systematic approach to the analysis of the data collected, reference will now be made first to the interpretive method of classical Freudian psychoanalysis, then to the impact of Object Relations theory in modifying this approach.

Freud (1919) espoused a certain theory of mental organisation. He suggested that between a person's sensory stimuli and their perception of their somatic needs on the one hand, and their motor acts on the other, there was a form of organisation he called the '*Ich*' (the 'I') or 'ego'. He also suggested that there was a more obscure mental region that he named 'es' (the It') or 'id'. The ego he described as the battlefield and the id as 'behind the lines'. In the former, there is a substantial inclination toward unification of mental processes that is largely *conscious*; in the latter, there are a variety of urges that pursue their own purposes independently and regardless of one another, largely in the *unconscious*.

He further suggested that in attempting to understand the psychology of a person, it is necessary to consider the forces at work both inside and *between* the ego and id. Those forces are described as the expression of major somatic needs. Hunger and Love are what moves the world, says Schiller (1874), and these '*instincts*' are said to fill the id and give it its energy. These instincts are said to seek satisfaction, that is the establishment of a situation in which bodily needs can be extinguished. Once achieved, the subsequent lowering of the tension of need is experienced as pleasurable; an increase is felt to be unpleasurable. If the id's instinctual demands meet with no satisfaction, intolerable conditions are said to arise.

It is the task of the ego to guard against damage being done by unmet need. It must mediate between the driving force of the id and the claims of the external world for proper behavioural expression. Janus-headed, the ego, through the implementation of the 'reality principle', tries to gain adaptation to the external world. So long as the ego in its relation to the id fulfils these ideal conditions, says Freud, there will be no neurotic disturbance.

However, when a person is very young, their ego, it is suggested, is feeble and little differentiated from the id. On occasion, this underdeveloped ego may face instinctual demands

from the id that it is not strong enough to control, and in an attempt at self-preservation, withdraws into flight, and leaves the psyche to its fate. The ego is then said to institute a *repression* of these instinctual impulses. This has the momentary effect of avoiding danger but Freud reminds us that one cannot run away from oneself. The outcome, he says, is that the ego has permanently narrowed its sphere of influence, and the repressed material is now isolated and uninfluencable. Even when the ego has grown stronger with the years, it is said that it cannot of its own volition, lift the repression. Nor apparently does the isolated repressed instinctual demands remain idle; the id wants to make up for being denied normal satisfaction and institutes revenge. It finally breaks through into the ego and consciousness in the form of an unrecognisably distorted substitute and creates what is called a symptom.

This is in essence what Freud calls a neurotic disorder. A person's ego may exhaust itself in vain acts of defence against the symptoms, the derivatives of the repressed impulses, and regardless of the interests of the person as a whole, the id may follow only the laws of primitive psychology. Thus a conflict between the ego and id in early childhood coupled to the inefficient mechanism of repression sets the scene for degrees of neurotic behaviour in adult life.

In addition, Freud maintains that no adult is symptom free, some being more constrained in their relationships than others, and it is the purpose of this section to elucidate the method by which we can more deeply understand the effect on Boardroom decision-making performance of disturbed object-relationships.

5.2.1 The Interpretive Paradigm

Before looking at how this method can be adapted to examining a Board of Directors, it may be useful to look at the method in its purest form in the context of a classical psychoanalysis.

Freud (1900) suggested that the process of '*free association*' was important for a patient. That is, the patient was encouraged to say whatever was on his mind and to say it with perfect candour. He added that it would not just be a simple matter to deduce the nature of the repressions from what the patient said because what he says may initially mean as little to the analyst as it does to the patient. Freud suggested that the material be approached as if it were ore from which precious metal has to be extracted by a particular process. Many tons of ore¹, he said, needed to be worked over in order to extract little of the valuable material the analyst was in search of. Working over the material was said to consist of assuming that the patient's remarks and associations were only distortions of what was being sought, or allusions from which one had to guess what lay behind.

Put simply, Freud said, this material, whether it consists of memories, associations or dreams, has first to be *interpreted*. This needs to be done with one eye on the nature of the aforesaid mental mechanisms. A special sharpness of hearing coupled to the unprejudiced reception of analytic material gained from the analyst's own personal analysis will lead to objective observation. In addition to the id and ego, Freud (1900) states that a third mechanism, called the *superego* (or conscience) must be confronted in this work. Its particular role is to moderate morality and mental health.

¹ The tons of 'ore' collected are the raw data. The transcribed data are attached to the thesis for examination.

In the context of recovery from symptoms, it is suggested that patients demonstrate a range of 'resistances'. Freud maintains that 'the gain from illness' is a significant area of resistance and patients initially do not want to get better from symptoms that afford them some protection from the reality they are afraid to confront.

Another important observation by Freud was the existence of '*transference*'. This, he suggested, were feelings and attitudes in the patient which were screened onto the analyst and resulted in the patient not just remembering scenarios but actively *repeating* his history of prime object relations (i.e. with parents) in the context of the present. It demands of the analyst much skill, patience, calm and self-abnegation.

The ability to work with *free association, interpretation, resistance and transference* may eventually release a patient from repressive constraints.

5.2.2 The Contribution of Object Relations

In considering Fairbairn's work on Object Relations (Sutherland, 1989), it is important to look first at his challenge to the fundamental assumptions upon which Freud's classical theories were based.

Fairbairn asserted always that *the vicissitudes in the personal relationships between the infant, his mother and his family were the primary consideration for the development of the personality instead of the instincts*. That he accepted instinctual endowment was clear, but for him it was how the interaction of innate factors and the environment was conceived that was important. He felt that the concept of the 'drives' gave a quite inadequate picture of human nature and the

danger he reacted to in Freud's work was the insidious dehumanisation of man with no adequate account of his nature at a personal level.

In addition, Fairbairn maintained that when pleasure-seeking became the foremost motive, this was the result of a deterioration in essential relationships, a failure in the attainment of the capacity for rich and mutual relations with others in which the individuality of the other provides a deeper satisfaction than the use of him or her to provide gratification. For him, his clinical data showed that the family is the crucial agency in the development of healthy, creative individuals. However, he acknowledged the importance of psychoanalysis for society in general and his concern was to further its acceptance and development by getting its basic assumptions right.

Greenberg and Mitchell (1983) have showed over the past 50 years

the progressive encroachment of the object relations perspective into drive theory.

Thus Fairbairn's primary text, so to speak, is that the individual 'self' from the very start has to be loved for himself by the unconditional loving care of (at first) his mother. This loving care has then to be continued by the father as well, and adapted within the family to the specific behavioural stages brought about by maturation and the cultural environment. *In all development and in maturity, persons have to be in satisfying relationships for their own survival together with that of their groups.*

5.2.3 Analysis in the Boardroom

The Board is a group brought together to ensure the survival and growth of a corporate venture. In many ways it is not unlike a family group. In many ways, it acts 'as if' it were a family. It contains peer (sibling) relationships as well as authority/dependence (parent/child) relationships.

It contains also the potential for the growth of the individual and for his destruction through conflict.

The data gathered from the Board members by questionnaire, interview and tape recording in Chapters 6,7 and 8 will be analysed using a psychoanalytic interpretive methodology. The researcher, having undergone a classical psychoanalysis, will *interpret* the data to reveal the *transference* phenomena that will illustrate the nature and extent of conflictual relationships existing within the Board.

Following this structure, the chapter will continue with an examination of the data collected through the questionnaires and interviews. Each Director's contribution will be discussed separately and at the end of each section an attempt will be made to elucidate the themes that appear to permeate their responses. The results will then be considered as an aggregate of individuals who comprise the top team set in the context of the corporate history. The outcome of that discussion will set the scene for the analysis of the tape-recorded top team group qua group in the next chapter.

5.2 Personnel Director

5.2.1 Understanding the nature of the Company and its operating environment

This Director is 39 yrs. old and has been an employee of Beamish and Crawford for ten years. He was promoted Director 3 years ago, immediately post-rationalisation. When asked about the

Company mission, he wrote that he was not confident that he understood it. He added at interview:

" I don't even think that there is a Mission statement – there is a TQM statement dating back to 1991, but no Mission statement as such".

He felt that the MD did not believe in a Mission statement as normally defined, and added that a goal identified in 1997 to grow the Company to twice its size by 2000 was a sufficient driver of progress.

Asked to specify the major goals of the Company in order of priority, he named four:

1. Home market profitability
2. Volume increase
3. Strong lager brand
4. No. 2 beer Company in Ireland

He added at interview that nowhere were these goals written down; they were more implicit than explicit.

His response to the question about describing the Company's external operating environment was consistent in both the questionnaire and interview. He said it was hostile and mentioned Guinness' alleged anti-competitive practices in buying market share and also recently buying out

Ireland's biggest wholesale drinks business. Beamish and Crawford had written to the Minister for Enterprise and Employment in the Dail registering their complaint. He added:

" Guinness has 80% of the stout market, 50% of the lager market and almost all the Ale market- what chance has a small company like ours against that muscle? "

In response to a query about the Company's internal strengths and weaknesses, he wrote that there was a huge commitment to succeed and considerable loyalty to B&C. However, there was also a lingering resistance to change and, amongst the workforce, a lack of knowledge of competitive pressures. He elaborated at interview that until 1987, B&C was the No. 2 beer Company in Ireland and they were weakened when Carlsberg pulled out. They recruited an MIS manager from the USA, however, and he felt that their Computer systems were first-class.

The distinctive resources, capabilities and competencies of B&C he referred to as people, brands, marketing and a vast brewing knowledge, adding that he thought that, in particular, the people who worked there gave the Company its clear competitive advantage.

At the end of this first section of the questionnaire he described the consolidation of the Brewing industry in Ireland. Despite this he felt that there was room for very small players like B&C.

" We pay rates that are higher than average in the Industry and we try to generate a family-type closeness in relationships. First names are always used (e.g. 'Alf' the MD), and there is an executive 'dress down day' each Friday to increase informality".

5.2.2 Expectations of the Top Team

The top team membership has remained unchanged for the past four years. It was created immediately post-rationalisation. Questioned about the structure of the team meetings, the Personnel Director said that it normally meets fortnightly but neither begins nor finishes on time. He complains about the indiscipline but can see no possible solution. The meetings usually run for about three hours.

Asked to describe the leadership of the team, he states that he finds it democratic and open. However, when conflict arises he says that it is usually buried. He cites a long-standing feud between two directors, which often gets in the way of work and which has never been satisfactorily addressed.

" We usually try to push the conflict to one side and keep on going".

Despite this reality, he describes the team as cohesive and then adds that decisions are usually made informally outwith the team setting and often in 'threes'.

As far as hidden agendas were concerned, he appeared not to be aware of them except to add that he would wish for a more 'structured' approach to the management of certain team members and that often the culture of the group did display an immature quality. Hearsay, he felt, often dictated decision-making.

5.2.3 Perceptions of role in the Top Team

The personnel director is responsible for the welfare of B&C's 185 employees. When asked about his role in the top team he wrote that there were a number of responses he could make to that question. At interview he felt that his most important role was that of facilitator or 'resolver of conflicts'. He appeared to confirm this for himself when he suddenly became aware that he always chose the same seat in the meeting room and that was between two warring directors.

"When they behave like children sometimes, I have to try to sort them out".

He added, unprompted,

"If you ask them on the shopfloor what they think of me, they will tell you that I'm a bollocks because I always take a hard Company line".

In answer to a question about whether he would consider himself a leader or follower in the team, he stated that he was a follower. He had negotiated an alliance with two other directors in order to try to control the hidden agendas but kept a low profile in the team meetings.

The personnel director had no personal strategic plan for his career. He stated that he enjoyed his job and was simply focussing on trying to restore B&C to its previous prominence as No. 2 beer brewer in Ireland.

5.3 Finance Director

5.3.1 Understanding the nature of the Company and its operating environment

The Finance director is 33 yrs. old and has been an employee of Beamish and Crawford for eight years. Despite there being no written Mission statement, he stated that he understood the Company Mission. This was, he said, to grow the Company to twice its size within three years. However, he added that nothing of this had been written down.

Questioned about Company goals, he replied that they were:

- a. To become profitable as a domestic entity on its own
- b. To assist in the growth of the export business

He added that in the domestic market, B&C had for a long time not been profitable but that there was strong sales in Beamish Red/Black in the UK market. The way forward to profitability, he believed, was in the change of Company ethos.

"Prior to 1994, the ethos was one of authoritarian management and the directors lived the good life – do you know what I mean?"

However, post 1994, the management style was more open and democratic. He also felt that the new ethos would take some time to permeate the organisation and that 'trust' was a major issue. To help the new ethos take root, they had to introduce regular performance briefings for the workforce but recently the Company had had some pre-1994 type encounters with the workforce in the Labour Court. The Company wanted to make an operative permanent, but SIPTU argued that since this operative had been the third in level of seniority in a particular section, the Company was obliged also to make the two more senior operatives also permanent.

"These restrictive work practices show a great lack of trust and this is a continuing problem".

He described the Company's operating environment as competitive and cited the difficulties created by the presence of Guinness. At the same time he positively underlined the contribution of committed functional teams and stated that there were no deep-rooted conflicts in the top team that he was aware of. B&C's relationships with Trade Bodies were good and a source of competitive advantage; the relationship with the parent Company, Scottish and Newcastle was excellent. He compared this with being part of Carling O'Keeffe in the 1980's, when John Elliot was interviewed on Irish television and allegedly admitted that he did not know that he owned an Irish brewery. However, Scottish and Newcastle senior executives visit the Cork brewery regularly and the Finance director and MD regularly go to Edinburgh for briefing sessions. He maintains that S&N, although demanding results, give B&C (who have only 7% market share) enough space to try to their best in a difficult marketplace.

He also felt the the Beamish and Crawford brand portfolio would see them return to their status of old. With Miller's (No. 2 globally); Beamish black; Foster's and Carling, he believed that they would be a hard act to beat.

5.3.2 Expectations of the Top team

The finance director said that the top team membership had remained unchanged for three years. The team met fortnightly and he said that meetings began and ended on time. They normally lasted about three hours. He describes the leader of the team as:

".....strong, open, not a control freak, giving us space to work".

Asked about how conflict was dealt with in the team and he wrote that it was usually discussed and resolved satisfactorily. At interview he added that conflicts were also usually dealt with informally, outwith the meetings, but that he would prefer more directness and open discussion. He said that he likes to ask direct questions and expects direct answers.

The team was considered to be a cohesive unit who relate well to each other and who, although always consulted about decisions, accept that the MD will always make the final decision. He considered that the team were not good in the handling of hidden agendas and referred to a particular split involving an alliance between himself and the MD (both accountants, both in their thirties, both born and educated in Cork) and the Production director who allegedly paid

little attention to the quality of the technical services department. This conflict repeatedly divided the meeting even when agenda items required consensus decisions.

The finance director's description of the leadership of the top team was calm and decisive and he noted that he always sat immediately to the right of the MD at meetings. He acknowledged a level of identification with the MD but said that there were issues not being explored and that there were occasions when openness was not evident and that the team needed to be more 'professional' in its approach. He considered that there was a good balance of age and experience in the top team and that they demonstrated a mature approach to work.

5.3.3 Perceptions of role in the Top Team

His response to a question about his role elicits a threefold reply. He considers it to:

1. Report on his area of responsibility
2. Contribute to decision-making processes
3. Question

In addition, at interview, he expanded this answer to include his view of himself as a 'mover and shaker' in the Company.

“ I’m not an innovator, although I have some ideas; I like to move things on directly. I want Alf’s job” (MD).

He likes leading from the front, has a strong alliance with the Personnel director and asserts that he could do the MD’s job now but would probably be seen as requiring some broader general management experience.

He nurtures an ambition to lead a similar size or bigger Company but does not think that he could ever leave Cork to do it. All his working experience has been in Cork.

5.4 Production Director

5.4.1 Understanding of the nature of the Company and its operating environment

The Production director is 53 yrs. old and has been with B&C for twenty years.

He felt confident that he understood the Company Mission. He describes the Company as family owned from 1792 until the mid – sixties and that it still had such a feel about it. However, it was ‘isolated’ from its parent, Scottish and Newcastle breweries because the cultures were so different. He wrote that the most important words in the Mission statement are “ dedicated to being the industry leader”. However, at interview he stated that he had taken these words from a 1991 Total Quality policies and objectives programme that had been established at B&C at the time. There was no written Mission statement as far as he knew.

He identifies four major goals of the Company. In order of priority they are:

1. Profit
2. Growth
3. Sustainability
4. Survival

His emphasis on 1 and 2 is driven by his lengthy discussion of matters relating to 3 and 4.

Guinness, the icon brand threatens all before it. B&C have 7% of the market, Murphy's 13% and Guinness 80%. Between 1963 and 1995 B&C 'suffered' three major changes of ownership. This has left its mark.

He describes the current marketplace as competitive and speaks of the dedicated workforce in the context of their slow rate of change. The rationalisation of 1994 brought many changes to which they had to adjust.

"There were 320 employees four years ago; there are now 180 of which 104 report to me. There was a strong unionised culture then; it has almost been eroded now. However, there is still a residual tendency toward confrontation in relationships and this will have to alter".

He emphasises the strong quality culture at B&C, the good plant and the long service tradition. The emphasis on quality came from brewing under licence for over 20 years and before 1994, many employees had 25-30 years service with the Company. This changed post -1994 when

many were made redundant and he says that the Board now has only two members with over 25 yrs. service.

Pride and tradition are important at Beamish and Crawford, he says. This family owned Company often had substantial numbers of three generations of employees' families working for them pre-1994 but there are much fewer now.

He believes that B&C's competitive advantage lies in being small and very focussed.

"When you're working with 7000 out of 10,000 publicans in this country, it helps to be speedy with your response."

He also adds that the brewing industry in Ireland has doubled its volume output in the last ten years and Companies need to be flat and lean and good at communication with their customers.

5.4.2 Expectations of the Top team

The Production director indicated that the top team had had the same membership for 3 to 4 years. He says that the team meetings are usually fortnightly and begin around 10 – 10.30 am. but usually have no clear finishing time. He puts this down to transition pressures and problems of integration dating back to the takeover by Scottish and Newcastle in 1995. He continued to say that 1994 was crisis year for B&C, then came S&N in 1995. If we added to this the sure knowledge that B&C would not survive in the UK, then considerable pressures have built up.

Bass brewers have closed 2 major breweries in the UK and S&N have closed 2 in the UK over the past 2 years due to industry overcapacity, changing drinking habits and a declining beer market in Europe. He says that this now presents B&C with a major challenge.

He describes the leader of the team as strong and very focussed, who encourages open discussion of areas of conflict. However, he does not find the team itself to be cohesive. He cites considerable conflict between different departments, in particular, Finance and Marketing. He adds again that the trauma stemming from 1993, 1994 and 1995 is still rippling through the Company and that this is evident also at Board level. He also repeats his view that the leadership of the team is young, energetic, focussed and driven but the team itself does not work very well.

"The team is in the throes of change. Time for review is important and there needs to be more emphasis on teambuilding. We spend too much time on 'today' issues".

The production director felt that the team spent too much time on 'firefighting'. He suggested that the team needs to learn how to incorporate both past and future issues into its thinking.

5.4.3 Perceptions of role in Top Team

The production director's formal role in the Company incorporates responsibility for both Distribution and Technical Services. When questioned about his role in the team his answer was in terms of a repeat of his formal position.

"I am one of six directors – with total responsibility for beer quality".

He asserted that he could be both leader and follower in the team at different times as the occasion demanded. He always sat in the same position at meetings, which was next to the Finance director and across the table from the Sales Director, Personnel Director and Business Development Director. He also acknowledged that he had formed a strong working alliance with the Personnel Director.

He said that he had no personal strategic career plan, adding that he had no real ambition to progress further.

5.5 Managing Director

5.5.1 Understanding of Company strategy and its operating environment

The Managing Director is 36 yrs. old and has been an employee of Beamish and Crawford for ten years. He is clear about his understanding of the Company's mission, which he says was set 12 months ago. It is 'to be twice as big by the year 2000'.

"I allow each department to interpret this in their own way. Whether they are a profit or a cost centre will determine their approach to achieving this mission. It has the merit of being short, futuristic and has a ring about it".

When questioned about the major goals of the company, he prioritised the following:

1. Profit.

Domestically and in export markets, this was important, he said. He maintained that B&C had to become smarter about its activities and not necessarily just
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ger.

‘Turnover is vanity, profit is sanity’ is a phrase he thought sensible.

2. Internationalisation.

Globalisation is a major concern. In particular, relationships with Miller’s, Foster’s and Danone would give B&C international exposure and this, he believed was the key to future profitability.

3. To create a competitive edge

Since B&C was a small company, it could maximise its efforts in the area of customer service and innovation where he believed it could excel.

4. Management Development/Succession Planning

He was concerned that people issues were handled with sensitivity and the above two areas he pointed to as those needing particular attention.

In response to a question about the nature of the current marketplace, he described it as very competitive. Guinness had about 78% market share, Murphy/Heineken 14%, B&C 8%.

He also identified a number of internal strengths in B&C.

1. A good, management team with a balanced mix of age and experience.
2. Very good relationships with Trade bodies.
3. A strong brand line-up; Beamish Black/Red. Miller's Draught, Foster's lager, Scrumpy Jack cider.
4. People who will continually and constructively challenge the status quo.
5. Technical expertise which has won numerous international awards.
6. Strong alliances with international brewers
7. Supportive parent Company (Scottish and Newcastle).

He believed that B&C also had several weak spots. Part of the 'old' culture (i.e. pre-1994) still existed in the 'experienced' section of the management team. He described them as often being defensive, believing that faults always lay elsewhere. There appeared to be less 'sophistication' in B&C activities than, say, Guinness and added that this may simply be a resource issue. He identified some weak brands in their portfolio and decisively identified this as a resource issue.

He pointed out B&C's distinctive resources as :

1. Quality people – hard working and committed
2. Trading relationships with customers
3. International alliances
4. The expertise and technical resources available from the parent Company

5. Customer service
6. BDVI – Brewing and Dublin Vintners Investment Co. Plc; a joint venture between B&C and the Dublin licensed trade.

His view on the present state of the Brewing industry was one of global consolidation and greater pressure on margins. The UK market is declining by 1-2% per year; the smaller players are gradually disappearing; the big players are getting bigger and the US is looking to Europe for growth. He says that ultimately it will be brands that will succeed internationally.

“In Ireland there are no longer any independent players. Our head office is Edinburgh, Murphy's is in Amsterdam and although the market is growing by 3-4% per year on the back of the ‘Celtic Tiger’, there is still enormous pressure on margins with the retailers (pubs) benefiting more than the manufacturers”.

When he looked at the shape of B&C, he recalled that pre-1994 there were around 320 people. Post-1994 that became 185-190. There are two less Directors than pre-1994 and he personally encourages ‘flexibility across functions’ and a critical attitude to others’ expertise. The managing director is also the marketing director since 1995.

5.5.2 Expectations of the top team

The membership of the top team has remained unchanged since 1994 with the exception of the Marketing Director who left in 1995. The MD acknowledges he then took a 'hands on' approach to this function. He says that the team meetings take place fortnightly, are minuted and usually last about 2 hours. They usually also begin and finish on time, but there are exceptions.

Asked to describe himself as leader of this team he states that he is:

1. **Very consultative, then decisive**
2. Challenging
3. Someone who applies pressure, bears no grudges and has good relationships with team
4. Results driven
5. Someone who recognises and respects expertise
6. Informal and 'hands on'
7. A family man who believes wives and children are also part of the Company
8. Too accommodating

He continues that conflicts at team meetings are usually dealt with there. They tend to be issue rather than personality based conflicts.

" To get into personality based conflict would be 'outside my nature'".

He emphasises that he prefers to embarrass people into delivering the goods at team meetings and continued to say that 'non-delivery' or 'letting people down' is the problem that exercises him most. However, he says that conflict does not 'overflow' the meeting and he is careful to take soundings inside and outside confidentially when he thinks these are required.

He describes the team as cohesive and does his best to encourage communication between them. Since 1994, there appears to be more openness with the issues 'on the table'. He adds, however, that there is a certain frustration among the younger members with the time it takes the older members to 'deliver'. The history of the Company impacts at this point, he says, for the older 'players' got away with these things because the previous managing director was an alcoholic.

When asked if the team functioned in the way that it should, he replied that he thought not. He said that he would like to bring some 'freshness' to it – move the older 'players' out and younger ones in. He also would prefer a more 'cross-functional' team. He believed the team made rational decisions most of the time, but admitted that he felt obliged to say that.

5.5.3 Perception of role in top team

He is very clear about his role in the top team and feels often he is better leading from behind.

He insists on choosing the same seat at team meetings and says that since the Finance director sits always to his right, there is a perception that the two work in tandem. He acknowledges that there may be some basis for this belief since they are both in their thirties; both are accountants;

both were born in Cork and their careers have paralleled each other over the past ten years at B&C. Thus the perception of No.1 and No.2 in B&C.

The managing director said that he had no personal strategic plan for his career.

"Promotions have always come my way every two years over the past ten years. Therefore I never needed to plan. Now this may be wrong. I've had four bosses of different nationalities over ten years and have had wide experience. I can probably go no further with B&C but if I were offered a post elsewhere – UK or USA- I wouldn't be interested. Although I'm only 36, I was born in Cork; I have a young family; I like it here and have all the recognition I want".

5.6 Sales Director

5.6.1 Understanding of the company strategy and its operating environment

The sales director was confident that he understood the Company mission. He said that it was a 'profit-driven business' and that this was established 'years ago'. Asked to identify the major goals of the Company in order of priority he stated:

1. Profit

2. Sales Volume/market share
3. Brand building
4. Good employer/corporate reputation

This last goal he felt to be important since B&C had a long tradition of employing generations of families in Cork. He also believed that the company's operating environment was very competitive. He, himself spends three days per week in Dublin and two in Cork.

"The tactics of the monopoly brewer is to drive us out; they are very aggressive and try to bribe customers".

The strengths of B&C he listed as:

1. A committed management team 'who are relatively skilled at what they do'.
2. A committed workforce, who have yet to recover from the trauma of 1994. 'That should have been done years earlier'.
3. Good brands
4. Excellent/flexible plant
5. Good MIS systems
6. Supportive parent Company – gives stability

He felt that a major weakness was that the Company lacked a Marketing Director. The MD was the Acting marketing director and had assumed this role after the previous incumbent left in

1995. The sales director explained that after he gave up this marketing post in 1993 – ‘or rather it was given up for me’ - a new director was appointed, who then left in 1995. He could not explain why another Marketing Director was not appointed.

In response to a question about B&C’s distinctive competencies, he felt that there was nothing special about the Company. However, he did say that the company had some clear advantages.

1. An excellent relationship with the retail trade
2. Dublin surveys of customers naming B&C as ‘ No.1 supplier’.
3. Quality of people and service.

He added that the industry at present is thriving, with serious domestic and global competition. However, the Company was small, well-supported, lean and flat in structure and well able to fight for share. He had confidence in his subordinates and regularly sent them in to do battle whereas ‘ 20 years ago, I would have been in there myself’.

5.6.2 Expectations of the top team

The top team membership has remained unchanged for four years, he says. It meets fortnightly but rarely starts or finishes on time. Asked to describe the leadership of the team, he says that the MD is fair-minded, occasionally slightly dictatorial, intensely committed and enthusiastic. However, any conflict that arises tends to be buried, fudged over or pushed away. Despite this, he describes the team as cohesive where the leader usually makes the decisions.

“ As far as hidden agendas are concerned, they pretend they don’t exist. There may be jockeying for position, for example, and the team finds this difficult to deal with”.

The leader of the team was further described as intelligent, ambitious for himself and the Company, occasionally impetuous and prone to exaggerations about how well the Company is doing. The sales director said:

“Others in the industry really know how we’re doing. They say ‘who the fuck does he think he’s kidding? Is this a feature of his youth?’”

He believed that the team generally functioned as it should and could suggest no real changes to its format. It was progressive and at times immature but more often was rational in its decision-making.

5.6.3 Perception of role in the top team

He has been an employee of B&C for 31 years and is now 61 yrs old. He says that S&N policy is to retire employees at 60 and the B&C MD would like to do that at 55, but current policy at B&C is 65. He considers himself to be someone who will challenge the status quo and will sit anywhere around the boardroom table, although to date he has not done so. He did not like the word ‘alliance’ to describe the relationship with other directors.

“ Alliance is too strong a word for me – common cause is better. I relate well to the Business Development director and that may be age-related”.

He has been a member of the top team for 11 years but has no personal strategic plan for the rest of his career. Retirement is not in his mind at the moment.

5.7 Business Development Director

5.7.1 Understanding the Company strategy and its operating environment

The business development director confidently expressed the Company mission as ‘to become the No.2 player in the industry’. He said that the MD had handed this down some 2 years ago but this did not mean that he agreed with it. In fact, he recalls a session some five years ago where they thrashed out a mission statement but he could not remember what it was. He added that to be No. 2 was important but there were gaps:

“ The reality is a struggle. It’s all very well saying you want to be No.2 but how do you get there? Where’s the plan? The timespan? The costs? All these are missing”.

In response to a request to prioritise the Company's goals he stated:

1. Profitability
2. Increased volume
3. Market share
4. To be the No. 2 Company

His view of the nature of the external operating environment was that it was both competitive and relaxed. He took the question to mean something about the way in which different sections of the Company were run. In response to this he replied that some areas like the production of draught beer have become too relaxed in their approach to the marketplace and there is too little profitable volume being produced at B&C.

He struggled to identify Company strengths.

" I can see lots of weaknesses, but strengths? I've got to be careful here".

For the size of this Company it has a wide range of products, he believed. Further, over the past 7/8 years, the packaging business, which he himself took responsibility for, has grown to be about 50% of the overall business.

He indicated that the management team also was too relaxed about its responsibilities and that he constantly challenges this. The management styles within the Company were troublesome and, in particular, the Marketing function is poor. In addition to these criticisms, he said that B&C

would be the No. 2 player in the packaging business; had access to more products than e.g. Murphy/Heineken; but is taking a 'canning' over Sterling exchange.

In response to a question about B&C's competitive advantage, he said he did not know what it was and added that the whole business is slowing down and that 'management', although functioning with a flat Company structure, do not act quickly enough on certain issues.

His view on the state of the industry was optimistic. He said that he had information which demonstrated that the draught business was growing by 5.5% p.a. and the packaging business by 9% p.a..

5.7.2 Expectation of the top team

He says that the membership of the top team has remained unchanged for 3-4 years. In 1992, there used to be 12 directors; in 1994, post-rationalisation, that became 6. The team meets fortnightly for about 3 hours but rarely starts or finishes on time. Asked to describe the leadership of the team, he says that the MD is a 'grand guy' but he lacks knowledge of the business. The business development director has worked in most departments in his 42 years at B&C and feels that the MD's decisions are on many occasions unsatisfactory and poorly communicated. He says that conflict is not dealt with well in the team.

"It is usually brushed under the carpet. If I try to be constructively critical, I'm told 'you're always knocking'. But I'm quite direct and if I think that the MD is not doing his job then I tell him openly".

As far as the team's cohesion is concerned, he is ambivalent. He would say 'yes' because on occasion it does work well; he would say 'no' because 'they don't socialise with each other and you can't easily offload difficulties with another member'. He also added that in general there is a lack of openness and an unpredictable MD who, when arranging off-site meetings, will invite outside participants unannounced and at the last minute.

" There are many hidden agendas which I try to unearth. That 'dickhead' who is rather immature, creates some heated debate. But he is easy to get on with and is an intense business person.

The team needs to be more open, he repeats, and there needs to be less 'knocking' accusations. He feels that the group, although mature in years, displays a culture of immaturity and non-rationality.

5.7.3 Perceptions of role in the top team

The business development director saw himself as someone who tried to generate cross-functional discussion. He always chose the same seat at meetings after causing chaos by changing it some 6 months ago. He had wanted to sit 'with my back to the sun' but the Finance director had already booked this position.

He has been a member of this team for twelve years and has established alliances with three directors. However, he acknowledges that he has no personal strategic plan for the future. In response to this question he relates the story of the development of the packaging business, saying that it has now established a strong identity within B&C. He would like to see a separate packaging section by 2000 AD.

5.8 Discussion

This chapter will conclude with an examination of the comments of all six directors in the particular areas identified:

1. **Understanding** of the Company strategy and its operating environment
2. **Expectation** of the top team
3. **Perception** of role in the top team

5.8.1 Understanding

As an aggregate of individuals the directors' group display markedly different views of the direction in which the Company is going and of its operating environment.

MD – views are based on the importance of sound, supportive, relationships

FD – views are based on the importance of trust, respect and encouragement

Per.D – views are based on perception of a hostile and uncertain environment

Pro.D – views are based on perception of isolation and a sense of threat

SD – views are based on perception of a hostile environment

BD – views are based on an uncertain and distrustful environment

5.8.2 Expectation

The expectation of the group's ability to sustain members' survival and to develop personal growth gave rise also to widely different views:

MD - Survival and progress depends on jettisoning 'old culture'

FD – tries to balance identification and rivalry with MD

Per.D – feels conflicts are not contained and threaten the team

Pro.D – looking for a saviour to lead them out of past trauma

SD – sees the team as a place of subterfuge and pretence

BD – experiences a lack of trust in an immature culture

5.8.3 Perception

An analysis of members' perceptions of their own role in the top team also reveals a range of views about their performance:

MD – he may find the FD both a source of strength and of danger

FD – he may see himself as heir apparent

Per.D. - his energy may be taken up by containing conflict

Pro.D – he may feel disabled by past events and has placed his faith in the young members of the team

SD – he may be raging against the impending end of his career at B&C

BD – he may see himself as a 'challenger' of the status quo

From each of these sections a **continuity of themes** appears from their comments which, it is suggested, will ultimately impact upon the group culture:

MD – supportive relationships

FD – trust and respect

Per.D. - hostility and conflict

Pro.D. - isolation

SD - hostility

BD - distrust

What do these findings mean? We must ultimately return to the literature review and to theories of individual and group development. Erikson (1950) brought the relationship between self and other to centre stage. Individual growth is a process of moving from an 'undifferentiated' self, where nothing is other than the individual, to an integrated self (Guntrip, 1971), and thus out of 'embeddeness'. Winnicott (1971) said there is never 'just an individual'; there is the other who provides a psycho-social context for development. The 'holding environment', he says, is also crucial to development. This starts with reliable psychological provision at the point of absolute dependence. It is the beginning of the first 'boundary' within which development can take place. Within this space it is possible for expansion of experience to take place without fear of chaos and disintegration arising out of the frustration of unmet needs. For development to continue, an individual must achieve a 'basic trust' in this environment as a result of perceived experience. Klein (1952) and Bion (1962) both believed that the external world could then be brought within the individual's mental grasp.

The 'other' can begin to be a 'container' for the developing individual; physical and intellectual integrity begin to grow and thus emerges a 'continuity of being' (Anzieu, 1989). The splitting and subsequent introjection of the holding environment is the precursor to self-containment and self-confidence. Winnicott, (1965a) says it also lays the foundation for relationships with groups through the processes of internalisation and identification.

However, these developmental processes can also be disturbed. An inconsistent holding environment can affect the outcomes of self-containment, self-confidence and a sense of

balance; the ability to experience the world as a 'good' place and the ability to trust then may all be compromised.

5.9 Conclusion

It is argued that individual development within organisations can adopt a similar developmental pattern. The Directors of B&C carry with them their own outcomes of early developmental experiences. The Company, as another 'holding environment' may repeat for them experiences of another age. Their responses to the questionnaire and in the interviews show continuity of themes that reveal their perceptions of the external organisational environment of B&C and of their own place in it. Thus the culture, efficiency and effectiveness of the top team will all be affected by the dynamic interaction of the directors as they respond unconsciously to changes in leadership and the operating environment.

The next chapter will examine in more detail the impact of developmental issues and unconscious conflicts that individuals must master as they mature, will relate this to the data on individual Directors, and will ask what level of maturity do these Directors bring to the work of the Board.

Chapter 6

Research Findings 1 Analysis

6.1 Introduction

What do these findings in the previous chapter mean? We must ultimately return to the literature review and to theories of individual development to discover this. Erikson (1950) brought the relationship of self and other to centre stage. Such growth is a process of moving from an 'undifferentiated' self, where nothing is other than the individual, to an 'integrated' self (Guntrip, 1971). The understanding of this process has been progressed by a framework of individual development which incorporates much of the work of previous theorists and which can help us to make sense of the aforesaid individual Director responses (Erikson, 1950).

In order to understand the broad array of developmental issues and unconscious conflicts that individuals must master as they mature, it is first necessary to appreciate a range of psychosocial dilemmas that they must negotiate on their way through relationship-building. Erikson suggests that these dilemmas, at different life stages, can be resolved either positively or negatively. If positive, then the potential for making relationships can be enhanced; if negative, then an individual may regress to an earlier

stage of development that may have serious implications for his/her ability to work in groups. The following are the three stages of developmental crises:

6.1 Basic Trust versus Mistrust

This particular dilemma is primary. As a child, one needs to know that the 'holding environment' is predictable, stable and benevolent. Employees also need to know whether their operational environment can be trusted to survive and grow. Without this basic psychological substrate of trust and hope, the ability of employees to recover from major competitive upheavals can be impaired.

The disruption of this most fundamental sense of security and well-being can exacerbate the sense of loss which may accompany change. Such loss reactions are normal and expected, but if they are not well managed can lead to protracted periods of dysfunction. Freud (1917) distinguished between *mourning*, a normative condition of sadness and grief following a loss, and melancholia, a pathological condition extending beyond a normal period of grief and producing a highly dysfunctional detachment from life. The stronger the attachment and loyalty of employees, the greater their need to mourn the loss of old ways of doing things. It may be that managers have to facilitate the mourning process in order to revitalise the organisation.

Levinson (1972) identifies four types of loss that occur in times of corporate change:

1. The loss of familiar work relationships, products and work settings
2. The loss of support that occurs when ties to valued subordinates, superiors and networks are disrupted
3. The loss of sensory input resulting from changes in the amount or type of information received by an individual. This can create confusion and counterproductive anxiety
4. The loss of the capacity to act, caused by loss of power when organisations are destabilised and individuals are displaced.

This inevitable sense of loss experienced during corporate change is rooted in the deepest core of the personality. That core consists of the primary psychological attachments that create the capacity to trust, the basic strength that underlies all other psychological strengths. Failure to deal in organisations with this psychological issue can evoke primitive responses from members who may re-experience anxieties and conflicts from the earliest stages of their lives. Jaques (1976) writes that where increasing levels of stress are accompanied by decreasing flows of information, paranoid symptoms may appear. Such a serious loss of trust can bring individuals and groups to the point of crisis and regression.

6.2 Directors' Responses

At the beginning of Chapter 5, the author stated that the Literature Review would provide the framework for the development of the Director's questionnaire. Using a psychodynamic approach, three sets of questions would be put to each Director, each set of which would tap into that part of their corporate experience that would resonate with their earliest stages of individual development. Hence, the first set of questions were focused on how they 'made sense' of the way in which the external operating environment impacted upon them. Put another way, the questions were designed to elicit information about the level of trust that Directors' had in the organisation.

The responses to these questions will now be interpreted using an Object Relations perspective.

6.2.1 Personnel Director

This Director is middle-aged and has been working for B&C for ten years. When asked about corporate direction, he replied that,

'he was not confident that he understood it.'

He went on to say that he thought that there was a TQM statement dating back to 1991,
but

'there was no Mission statement as such'.

He could easily name what he believed were the four major goals of the Company but
said that ,

'nowhere were these goals written down. They were more implicit than explicit'.

Asked to describe the Company's operating environment, he replied that

'it was hostile'

and since Guinness had 80% of the stout market,

'what chance has a small company like ours against that muscle?'

In response to a query about the Company's strengths and weaknesses, he added that

'there was a lingering resistance to change'.

He concluded that,

'we try to generate family-type closeness in relationships. First names are always used'.

Interpretation of Responses

This Director expresses uncertainty about direction; a conviction that corporate hostility would crush them and a lack of hope that things would change. However, he concludes with a suggestion that close relationships might make this more bearable for him. In these statements we can begin to see elements of mistrust and a searching for constancy in relationships. This resonates with the very earliest stages of individual development.

Original Family Relationships

The Personnel Director described himself as a cautious child. The middle of 7 children, his early childhood was marked by a feeling of getting lost. With three children older and three younger, he felt overlooked in the middle and was often left to fend for himself. He described his mother as 'harassed' and 'tired' most of the time and remembers that he had a lot of childhood illnesses. On occasions he was separated from his mother while in hospital.

The resonance between the Director's early years and his responses to questions about trust in the Company are marked. He clearly seems to have *transferred* his early need for

constancy, for close relationships, for certainty, onto another authority (Company/MD) whom he unconsciously hopes will make up the deficit.

6.2.2 Finance Director

This Director is in his early thirties, and has been with the Company for eight years.

Asked about the Corporate mission, he replied that although there was nothing written down, he

'was confident that he understood it.'

He named only two company goals both related to profitability, and felt that the way forward lay in the change of corporate ethos.

'Prior to 1994,the Directors lived the good life. Do you know what I mean?'

He also said that

'the current management style was open and democratic and that trust was a major issue.'

He added that ,

'restrictive work practices show a great lack of trust and this is a continuing problem.'

His description of the operating environment was *'competitive'* and remarked that

'the relationship with Beamish' parent company, Scottish and Newcastle, was excellent.'

Their executives regularly visit Ireland, offering respect and encouragement and he and the MD often go to Edinburgh. He felt confident about the future of their brand portfolio.

Interpretation of Responses

The Director's statements speak of self-confidence and security. He sees the world in a positive light and trusts to the Company's ability to perform. Psychodynamically, it is noteworthy that he refers to a sound relationship between Beamish and its parent. There may here be an echo of his sense of basic trust in others gained in his earliest years.

Original Family Relationships

The Finance Director was the eldest child of three, the other two being girls. He describes himself as 'being the apple of his mother's eye'. He remembers a warm, caring mother

who brought him everywhere, he is told, to show him off. He had healthy early years and recalls no trauma.

He expresses great confidence in Beamish and Crawford's parent in Edinburgh and also in the MD as a democratic leader, suggesting that he has *transferred* much of his early feeling about a 'good' authority (mother), achieving some balance in his corporate relationships.

6.2.3 Production Director

This Director is in his mid-fifties and has been with the Company for twenty years. He felt confident that he

'understood the corporate mission'

although there was nothing written down. He described Beamish as being

'family-owned since 1792 until the mid-sixties' and that *'it still had that feel about it'*.

He went on to say that the Company was

'isolated from its parent because the cultures were so different'.

He also added that he believed that the Company had four goals and that sustainability and survival were important.

' Guinness the icon brand threatens all before it '

and since B&C has '*suffered*' three changes of ownership, it is far less competitive, he concluded. He continued to bemoan the rationalisation of 1994:

' There were 320 employess four years ago, there are now only 180. There was a strong unionised culture then, it has almost been eroded now. '

Interpretation of Responses

The long service tradition of B&C is important to him, many employees having 25-30 years service. He describes B&C as a proud family – owned Company that often had substantial numbers of three generations of employees' families working there.

Continuity and constancy in the context of a Family structure seems to be important to this Director. These are the building blocks of basic trust and he appears to have experienced them, although the stability that he has developed is now being challenged. He tends towards living in the past more than the present or future, regrets the many changes and feels that corporate survival is threatened. It may be that his belief that B&C

is isolated from its' parent is more a statement about his own position than that of the Company.

Original Family Relationships

The Production Director was one of six children and was number 2 in birth order. When he was 2 years old his older sibling died of meningitis. Until then he says he experienced a close relationship with his mother, but she became distant and cold, leaving the children 'to bring themselves up'. He was not told for many years what had happened to his brother.

His responses to the questions on trust betray some *transference* of feeling from original primary objects. Feelings about losses in the past (particularly deaths) are often resurrected by actual or potential losses in the present (Marris, 1974). Continuity of his early family experience was disrupted, and to some extent isolated him from his mother's affections. His apprehension about the threat to Beamish' future suggests he would not entirely place his trust in it.

6.2.4 Managing Director

This Director is in his mid-thirties and has been with Beamish for ten years. He appears clear about the corporate direction emphasising its aims in terms only of size, which he declares,

'has the merit of being short and futuristic'. He appears relaxed and says *'I allow each Department to interpret this in their own way'.*

Even at this point he seems to be demonstrating a significant level of trust in his colleagues. He continued to discuss the Company's goals saying that being profitable was about being smart; being international was about forming strategic alliances; being competitive was about serving customers and being a good Company meant that it handled 'people' issues sensitively.

Beginning to appear in his responses is a concern with relationships and he underscores this by saying that in order to be competitive, the Company needs a good management team, good relationships with trade bodies, strong alliances with international brewers, a supportive parent company, good trading relationships with customers and a sound relationship with the BDVI.

He concludes by saying that,

'in Ireland there are no longer any independent players. Our Head office is in Edinburgh, Murphy's is in Amsterdam.'

Interpretation of Responses

The Managing Director appears to be a fairly confident and outgoing individual. He seems easily trusting of others and puts his faith in solid working relationships. His

obvious emphasis on this throughout the interview suggests that his particular resolution of this developmental stage in his earliest years was positive and for him the world is a glass always half full.

Original Family Relationships

The Managing Director was born in Cork and was the eldest in a family of five, two boys and three girls. He was told that he walked and spoke much earlier than usual, and was temperamentally an outgoing child. He describes his mother as caring and attentive and was very close to her. A healthy child, he remembers no particular trauma.

His responses to the questionnaire appear to accord well with his early experiences of life. His personal positive regard and his caring comments about employees and customers suggest some degree of *transference* from early object relationships.

6.2.5 Sales Director

This Director, in his sixties and having been with Beamish for thirty-two years, felt confident that he understood the corporate mission that he said

'was established years ago'.

In relation to a question on corporate goals, he focused on the fact that B&C were good employers and had a long tradition of employing generations of families in Cork. In these comments we begin to hear some signs of trust in his Company. However, he describes the external operating environment as hostile –

' the tactics of the monopoly brewer is to drive us out; they are very aggressive and try to bribe customers '.

This comment resonates with another statement that in 1993, when he was Acting Marketing Director, the Company removed him from that post. He said that,

'the job was given up for me'

and he could not explain why he was driven out. His concluding remark about the Company was that he regularly sent his subordinates in to do battle,

' whereas 20 years ago, I would have been in there myself'.

Interpretation of Responses

There appear to be significant signs of a sense of loss in this Director's comments. The Company had let him down; Guinness, he says, was trying to demolish Beamish and these episodes may have led to a sapping of his energy which, at an individual level and at an earlier stage of life, can be a by – product of inconstancy by a primary object.

Original Family Relationships

The Sales Director was born in a poor district of Cork into a large family of 9 children where he was no.7 in birth order. A sickly child he remembers having to battle against the odds in the family and his mother he recalls with no great fondness. She worked to support the family and the older children tended to look after him. They lived in a rough 'dog eat dog' community where families tended not to be in control of their own destiny. This Director appears in some ways never to have broken free from the hostility toward loss or anticipated loss. His comments suggest a high degree of *transference* of feeling from early experiences onto his corporate life.

6.2.6 Business Development Director

This Director was in his fifties and had been at Beamish for over 30 years. He confidently expressed the Company mission and said that the MD had

'handed it down'

but this did not mean that he agreed with it. He expresses even deeper doubts when he says ,

'the reality is a struggle. Its all very well saying that you want to be no. 2 but how do you get there? Where's the plan? The timespan? The costs? All these are missing'.

When talking about Company strengths, he remarked,

'I can see lots of weaknesses, but strengths? I've got to be careful here'.

Interpretation of Responses

These comments are beginning to suggest that this Director sees the corporate world as a hostile and oppressive place. He said also that he has to challenge the Management team to take its responsibilities seriously and that the leadership style was *'troublesome'*.

The whole company was *'slowing down'*, he said and he did not know what B&C's competitive advantage was.

This Director is clearly distrustful of those in control. In the corporate world, and perhaps also at an individual level, he may experience some anxiety that those expected to

‘manage’, like a parent, may not be able to handle his personal or the corporate ‘slowing down’.

Original Family Relationships

The Business Development Director was born in Co.Cork and was the youngest in a family of 5 children. He remembers that his mother was concerned that he was slow to speak and was worried that there might be something wrong with his brain. He felt neglected by her and that most of her attention went to the other siblings, the eldest of whom was very bright. His speech resolved late at 23months.

This Director’s distrust of those in control (MD) is palpable and it suggests some degree of *transference* of feeling from early object relationships.

6.3 Trust and the Board

Levinson (1970) coined the term ‘blended corporate families’. This metaphor for the Board that contains multiple ‘family’ histories suggests that unless the developmental issues and ‘inner theatres’ (Kets de Vries, 1986) relating to the formation of relationships are first, recognised and second, managed, then problems of cohesion may arise. The Directors’ of Beamish demonstrated differing levels of trust in the organisation:

Original Family Relationships

The Directors' responses are, it is suggested, *a combination of reaction to current reality and transference from original object relations*. Psychodynamic theory suggests that the higher the level of anxiety under which a person operates, the greater will be the degree of transference (Freud, 1919).

These different levels of trust in the organisation all came together in the Boardroom. With the potential for two thirds of this group to regress under competitive pressures to a position of anxious disengagement, it set the scene for future difficulties relating to the working of the Group.

We will now turn to Erikson's next stage of development that was used to drive the second set of questions put to the Directors.

6.4 Autonomy versus Doubt

Accompanying the struggle for a sense of trust is a predictable conflict that arises under circumstances of competitive pressure. It is the problem of defining role clarity and continuity. Employees can lose the ability to function as autonomous contributors resulting in a loss of self-esteem. They may begin to query whether their organisation can sustain their survival. These normative struggles are intensified when the organisation begins to operate in crisis mode and executives try to create the illusion of 'being in charge'. They may try to seize control and centralise their power but paradoxically this can precipitate the very loss of control they were trying to prevent. In Erikson's parlance, this struggle is a primitive one linked to the early developmental stage of 'holding on or letting go'. To be in control of one's personal functions creates a real sense of autonomy; to fail to do this often results in a sense of shame.

Let us now examine the Directors' responses to the second set of questions that were focused on the Company's ability to sustain their survival.

6.4.1 The Personnel Director

In response to a question about the structure of the Board, the Director responded that the membership had remained unchanged for the past four years and although it meets every fortnight

'it neither begins or finishes on time'.

His comments begin to suggest an indiscipline and lack of control. In addition he states that the leadership of the Board has difficulty managing conflict and

'when it arises it is usually buried'.

Interpretation of Responses

He cites a longstanding feud between two Directors that they all try to plough through and ignore. Interestingly, he remarked that decisions are usually made outside the team and in groups of three. This may be some members' way of dealing with issues of indiscipline, which threaten the cohesiveness of the group. The 'threesomes' may be used as more predictable 'containers' (Bion, 1959) in which to tackle extant conflict.

Original Family Relationships

In discussing his early years, this Director recalls being troublesome at home. He had regular tantrums, was a fairly undisciplined child and caused his mother great anxiety. He recalls too that he could manipulate her easily and get his own way. Getting lost in the middle of a large family, there appeared to be few boundaries or control on his behaviour. In his responses to the questionnaire, this director gives hints of feeling 'all over the place'. He may feel to some extent feel lost internally and his comments about the lack of control over time in meetings is significant. His remark too that conflict is usually buried may also reflect a degree of *transference* of his feeling about being 'buried' in the middle of a large family.

6.4.2 The Finance Director

This Director believed that the Board meetings did start and finish on time, a rather different understanding from the PD. Also, positively, he describes the leadership as strong and open,

'not a control freak, giving us space to work'.

Interpretation of Responses

He describes here a situation of containment, of control and of autonomy. This seems healthy and balanced.

He added that conflict was usually discussed and resolved satisfactorily and that he liked asking direct questions and receiving direct answers. There is in these statements a palpable sense of self-possession.

He allied himself powerfully to the MD, both being born and educated in Cork, both being Chartered accountants and both being in their early thirties. They seem to wage war continuously together, the FD on the MD's right hand side, against a less committed Production Director. This identification with the MD, however, hides more sinister dimensions. Such closeness and obeisance by the FD is the mechanism wherein rivalry may often be hidden until opportunities present themselves.

Original Family Relationships

This Director recalls being 'in charge' of his two sisters and being expected by his mother to behave well. He was given responsibility early for little things and was positively reinforced upon successful completion. Self control, he felt, was not a problem and he began to develop a good relationship with his father.

A self contained individual whose mother clearly gave him space to develop and experiment with responsibility, he produces a degree of *transference* to the present from that early experience.

6.4.3 The Production Director

We have here yet another perception of how the Board meets. This Director believes that the team meet

'usually fortnightly and begin around 10-10.30 am but have no clear finishing time'.

This sense of there being little control in the structure of the meetings continues and is enlarged when he talks about the Scottish and Newcastle takeover and rationalisation. He relates experience of

'transition pressures and problems of integration'; '1994 was a crisis year for Beamish and Crawford'; 'B&C would not survive in the UK'; Bass breweries have closed 2 major breweries in the UK and S&N have closed 2 in the UK'.

The abiding themes in these statements seem to be a loss of autonomy and threat to survival, both corporate and personal.

These same themes find expression in his views of the leadership of the Board. He describes the MD as

' *young, energetic, focussed and driven*' but the team itself does not work very well. He cites considerable conflict between different departments, particular Finance and Marketing, saying that the trauma from 1994 is still rippling through the Company.

'The team is in the throes of change. Time for review is important and there needs to be more emphasis on teambuilding. We spend too much time on today issues'.

Interpretation of Responses

This Director worries that that the Board has not learned the lessons of history and seems to feel that the Company's future is not really under control.

Original Family Relationships

The feelings surrounding the actual loss of his brother at aged 2years, and the subsequent feelings of isolation from his mother left this Director with relatively unboundaried space in which to develop. Rearing himself in essence meant he could not apply the controls that a parent would so relating and integrating with other children, he recalls, was a problem.

His perception of lack of control over time at meetings and fear for corporate survival may reflect some *transference* of feeling from these early experiences.

6.4.4 The Managing Director

This Director claims to take a 'hands on' approach to running the Board and structures it to meet fortnightly, with minutes, and lasting for about two hours. He says it begins and ends on time. His description of himself as someone 'who applies pressure; who is challenging; who is results driven, suggests that as a leader he may tend to emasculate his colleagues. However, he claims another dimension of personality; as the family man; as one who bears no grudges; as one who is very consultative and as the man who is too accommodating. He appears to want to be everything to everyone but also takes the position of staying outside conflict;

' to get into personality based conflict would be outside my nature '.

Interpretation of Responses

His preferred style of management appears to be in 'shaming' people into delivering the goods. Those who let him down are not confronted. His view is that the older members of the Board, reminiscent of the old pre-1994 culture, are not 'holding on' sufficiently well to the Company's objectives and fail on many occasions to deliver. Erikson (1950) might say here that at earlier developmental stages, shaming someone for not being able to hold on appropriately might result in a large measure of self-doubt and inadequacy. It

may be argued that the MD in this corporate context, by his behaviour, may precipitate a similar outcome in his colleagues.

Original Family Relationships

This Director recalls his mother expecting great things of him very early on. As an early developer, this raised her hopes of him achieving much. He also recalls activities at this time being well structured by a demanding mother. She was generally very caring but remembers being embarrassed in front of friends when his mother related the things he could not do well.

His account of this time in the family resonates somewhat with his approach to 'shaming' employees if they did not deliver, provoking doubt in their own ability, thus repeating his own history by *transferring* this attitude from the past to the present.

6.4.5 The Sales Director

This Director acknowledges that the Board meets fortnightly but that it never starts or finishes on time. He describes the MD as fair-minded, dictatorial, intelligent, ambitious for himself, impetuous and prone to exaggeration. He says that he also buries or fudges conflict.

'As far as hidden agendas are concerned, they pretend they don't exist'.

The SD may here be expressing some concern about a potential threat to the continuity of the Board (and perhaps himself) because the things that are buried may have an explosive tag on them and there appears to be little control over them. His anxiety appears again;

'Others in the industry really know how we are doing. They say, 'who the fuck does he think he's kidding?'

Interpretation of Responses

The Boardroom for him seems to be a place of subterfuge and pretence wherein he experiences a loss of self-esteem.

Original Family Relationships

This Director grew up in a rough part of town and developed as doubting Thomas. There was little structure to his life and little encouragement also to take part in childhood activities. He recalls also that being unwell a lot of the time (with unnamed illnesses), he could not take part in many things. It is perhaps not surprising that a concern about

corporate continuity and structure should be expressed in the present reflecting to some degree direct *transference* of feeling from his earlier history.

6.4.6 The Business Development Director

The BD Director says that the membership of the Board has remained unchanged for 3-4 years and it meets fortnightly for about three hours, but rarely starts or finishes on time. This statement appears to be the beginning of an expression of defensive anxiety arising from a fear of lack of continuity of role. He continues that the MD is unpredictable, his decisions are unsatisfactory and poorly communicated. There is worry over the poor management of conflict in the Board;

'It is usually brushed under the carpet. If I try to be constructively critical, I'm told 'you're always knocking'.

He feels that there is little peer support in the Board but again returns to the allegedly destabilising influence of the Managing Director;

'There are many hidden agendas which I try to unearth. That dickhead who is rather immature, creates some heated debate.'

Original Family Relationships

This Director recalls being at the back of the queue in his family. Perceived as 'not the full shilling' he felt undervalued by his mother. Self esteem was jeopardized in favour of a poor self image. Feeling that the corporate environment is rather unstructured in its use of time and that secrecy is endemic in the makeup of the MD may reflect an earlier anxiety about not being properly cared for and that his slowness was a topic of conversation behind his back. To a degree, he may have *transferred* feelings around these issues into the present.

6.5 Self-Esteem and the Board

Again we see many different positions being taken up on the Board in relation to perceived control and autonomy at the Board table. These perceptions manifest themselves in clear and concise terms.

There are considerable differences in the levels of self-esteem in Board members. It is interesting that of the six Board members, all excluding the MD and FD believe that the management of time and conflict are out of control. In early developmental stages, these matters need to be bounded by consistent management (Winnicott, 1965) or there is a risk of producing high levels of doubt about self worth. *In psychodynamic theory, the allocation of time is often equated to the allocation of affection; not giving enough can*

injure self esteem (Klein, 1946). Destructive influences too can, uncontrolled, precipitate a message that those in charge do not care enough to institute boundaries.

The burial and unearthing metaphors used by three Directors suggest that they believe that many things are hidden from them. Such perceived deception can call into doubt a person's level of importance to the organisation.

The Managing Director and the Finance Director appear fairly autonomous individuals with a strong sense of self esteem.

Again, the Directors' responses are, it is suggested, *a combination of reaction to current reality and transference from original object relations*.

We will now turn to Erikson's next stage of development that drove the third set of questions to the Board.

6.5 Integrity versus Despair

Following the development of trust or mistrust, autonomy or self-doubt, there appears another life stage that each individual must navigate. Ideally, each individual (and Board member) will develop a quality of integrative maturity or 'ego integrity'. This is a sense of assurance that, despite setbacks, successes have been sufficient to provide a feeling of accomplishment and confidence. This confidence takes the form of belief in the soundness of one's endeavors and the trustworthiness of one's predecessors and

successors. Such an affirmative spirit provides the links of continuity necessary to sustain individual and organisational life (Freud, 1919). In accepting both the limitations and benefits of their endeavors, such individuals possess what Erikson (1963) calls ‘ an emotional integration that permits participation by followership as well as the acceptance of the responsibility of leadership’. This identification with roles and responsibilities greater than their own permits individuals to transcend their own abilities.

Few individuals manage to achieve such maturity, but many come close in Erikson’s view. However, many more languish in the despair of non-achievement and ultimately become a liability to the organisation to which they belong.

The Directors’ responses to the questions on their contribution to the team performance will now be examined.

6.5.1 The Personnel Director

On being asked about his role in the top team, this Director replied that he believed his most important role was as facilitator or ‘resolver of conflicts’. He continuously places himself physically between two warring Directors saying,

“When they behave like children sometimes, I have to try to sort them out”.

He seems proud that this parenting, disciplinarian role is much needed and appears to revel in the reputation that this has gained for him.

“ If you ask them on the shop floor what they think of me, they will tell you that I’m a bollocks because I always take a hard Company line ”.

Interpretation of Responses

His response to a question about whether he was a leader or a follower was clear. He considered himself a follower, who had no strategic plan for his career, and who liked a low profile. His activity on the Board as an unassuming peacekeeper appears to give limited satisfaction. It may be that his anxieties about direction, trust and control may make it difficult for him to play a fuller part.

Original Family Relationships

This Director’s early experience of being in the middle of a large family group may be significant. He calls himself ‘ resolver of conflicts’ and this he describes also as his role in the family. Between the youngest and the eldest, he recalls often separating the warring parties and trying to keep the peace. Here he may have developed some skill at facilitation, but his getting lost in the family circle compounded by separation anxiety may have precipitated his current lack of direction in his professional life. That there is a

degree of *transference* of feeling about his current role in the company seems eminently possible.

6.5.2 The Finance Director

This Director appeared quite certain about his role on the Board. He was the expert on financial matters and he had a duty to report on his area of responsibility. He also believed that he had to contribute to the decision-making process and to question others' views. This is a positive, constructive and balanced position that suggests maturity. However, he highlighted other aspects of his role when he described himself as a 'mover and shaker'.

"I'm not an innovator, although I have some ideas; I like to move things on directly. I want Alf's (MD) job."

Interpretation of Responses

The FD clearly wants to be out in front all the time. He expresses a degree of competitive rivalry with the Managing Director without having the requisite breadth of general management experience. Despite this he is anxious to lead a similar or larger Company than B&C but does not think that he could ever leave Cork to do it. There appears to be in

his words some degree of anticipated separation anxiety, an unintegrated response to fantasised fear. Part of the FD is driving him on, part is holding him back; this is not in the object relations theorists' view, a recipe for emotional integration.

Original Family Relationships

This Director was very close to his mother whom he describes in later years was 'smothering'. She expected much of him and encouraged competitive rivalry in his behaviour. Classically and initially, this would have been directed toward his father (Oedipus complex). She did not encourage him to experiment with travel in his teens nor to leave home at the appropriate time. He says he was happy not to have a bachelor pad. It may be that his unwillingness to progress his career by leaving Cork has been hampered by his earlier experiences with his mother and there clearly seems to be some *transference* of feeling toward the MD from his earlier competitive experiences with his father.

6.5.3 The Production Director

This Director said that his role was one of responsibility for the Distribution and Technical Services. Additionally he pointed out that,

“ I am one of six Directors – with total responsibility for beer quality”.

Interpretation of Responses

He projected an image of isolated self-reliance. With no faith in the future of the Company, and no personal career plan, he longed for past glories and gave little hint of being satisfied with achievements.

Original Family Relationships

This Director’s early experience of isolation from his mother’s affection may have had a longstanding impact on his professional relationships. His statement about his ‘total responsibility for beer quality’ may contain undertones of *transference* of feeling about him having to sustain himself without the required support in his earlier years.

6.5.4 The Managing Director

The MD appears to be certain of his role that he describes as leading from behind. Referring constantly to the Finance Director, who says that he likes to lead from the front, the MD appears hampered by his colleague with a parallel career. Tension and rivalry is present but the MD tries to appear relaxed,

“Promotions have always come my way every two years over the past ten years.

Therefore I never needed to plan. Now this may be wrong.

He begins to hint that his career development may have not been all that satisfactory.

“I can probably go no further with B&C but if I were offered a post elsewhere – UK or USA, I wouldn't be interested”.

The MD here is expressing a certain lack of ambition. It almost seems that he regrets the fact that at only 36 years of age, he has come so far so quickly. His progress appears to threaten what he considers a stable base in the provincial capital,

“ I was born in Cork, I have a young family, I like it here and I have all the recognition I want”.

This statement appears to be designed to be a brake to possible progress. His conservatism and resistance to movement may have as its source unwillingness or inability to tolerate the challenges of cultural change. In terms of the object relations theorists view, there may well be a lack of emotional integration in the MD.

Original Family Relationships

The MD was very close to his mother and never wanted for affection. Achievement and recognition came his way early and easily. He was praised constantly by his mother and father and held in high esteem. However, significant early achievement can sometimes leave nowhere else to go in later years and in addition, he associates himself very much with his home town. A *transference* of feeling about attachment to his mother may be persisting into the present and accounts for his unwillingness to move on.

6.5.5 The Sales Director

This Director is now 61 yrs old. He sees himself as someone whose role at B&C is virtually ended. B&C policy is retirement at 65 but the MD wants to lower that to 55. He appears aggressively defensive and, in Erikson's terms, lacking in an 'affirmative spirit'. He talks about extracting himself from corporate relationships, or 'untimely ripp'd' from them if the MD had his way, without a corresponding reference to the value of such relationships.

"Alliance is too strong a word for me".

He may see himself as being pushed out and disarmingly refers to the fact that perhaps trusting others was always troublesome – so it would not really be a problem to leave

B&C. The world was always seen as a hostile place for this Director and he appeared to be always fighting battles,

“ *Common cause is better*”.

However, he does not see his battling days as being over yet.

Original Family Relationships

This Director battled to survive in rough conditions in his earlier years and never felt in control of his destiny or able to rely on his mother. That attitude reappears in his statements now and may well reflect a substantial *transference* of feeling from that time onto his corporate experience.

6.5.6 The Business Development Director

This Director sees himself as a productive individual, generating cross-functional discussion. A challenger of the status quo, his interventions may not always be so productive. Taking the FD's chair at a Board meeting on one occasion, when everyone sat in the same seats all the time, was seen as disruptive. It appears that disruption for its own sake may drive him on. He identifies with the packaging business at B&C that he says ought to be given a separate identity and acknowledgement as a successful section.

He may feel that his successes have never met with a separate acknowledgement from the MD.

Original Family Relationships

The Business Development Director always had to fight for position in his original family. Being the youngest of 5 and feeling neglected by his mother has given rise to feelings about acknowledgement by authority. Perhaps his need for this is deeper than most and his statements now are reflecting a high degree of *transference* of feeling from those earlier times.

6.7 Ego Integrity and the Board

There are varying levels of ego integrity or emotional integration in the Board members. It might be said that the Production Director and the Business Development Director suffer a debilitating level of disintegration that causes them to question their personal worth. Such immaturity can weigh heavily on a group that is attempting to be productive. The Personnel Director too seems handicapped by serious concerns about his place, as does the Sales director who feels that there may be *no* place for him. The Managing Director and Finance Director may appear to be more stable but they betray an emotional immaturity that may compromise their performance.

We will now turn to a consideration of this analysis of these three stages of individual development as outlined particularly by Erikson (1950) but alluded to by many psychodynamic theorists (Klein, 1955; Guntrip, 1962; Winnicott, 1965).

6.6 Conclusions and Implications

The three stages of individual development that have been examined, viz. Basic Trust v. Mistrust, Autonomy v. Doubt and Integrity v. Despair are linked psychodynamically to the three sets of questions initially put to individual Directors. These stages represent psychosocial dilemmas that all individuals must negotiate in the process of building relationships.

Resolved positively, ie. if individual experience of primary object relations can be characterised by trust, autonomy and integrity, then there is a far greater likelihood of sound relationships in the future.

Resolved negatively, ie. if individual experience of primary object relations is characterised by mistrust, doubt and despair, there is a far greater likelihood that relationships will falter. In reality, individuals usually produce a mix of resolved and unresolved dilemmas, of which some of the latter can often be corrected by later experience. The Directors' responses indicated that alongside a rational interpretation of

current reality, there also appeared considerable *transference* of feeling from earlier stages of their lives that may have contributed to their statements.

The Boardroom of Beamish and Crawford produced some interesting findings. These will now be examined in relation to each Director. Indications of what point their development may have reached will be made and then some conclusions will be drawn as to the potential impact on their work as a group.

6.6.1 Personnel Director

Trust: fundamentally mistrusting; searching for constancy in relationships

Autonomy: high level of self-doubt; searching for a 'container' for anxiety

Integrity: lacks emotional integration; has a weak self-image

6.7.2 Finance Director

Trust: has a significant level of trust in others

Autonomy: comfortable with a circumscribed level

Integrity: betrays some emotional immaturity

6.7.3 Production Director

Trust: ambivalent of trusting others

Autonomy: anxious that so many things are outside his control

Integrity: emotional disintegration

6.7.4 Managing Director

Trust: high level of trust in relationships

Autonomy: strong sense of being in charge

Integrity: has some level of emotional immaturity

6.7.5 Sales Director

Trust: fundamentally mistrusting of relationships

Autonomy: does not have a secure sense of role

Integrity: little confidence about achievements

6.7.6 Business Development Director

Trust: distrustful of those in control

Autonomy: suffers role ambiguity

Integrity: low level of emotional integration

Four of the six Directors have difficulty in trusting others. Their individual levels of mistrust in the context of relationship building may precipitate elements of *drift* (Pritchett, 1985) or even *psychological quit* (Greenhalgh, 1980) where people can be physically present at work but mentally absent from its demands.

Four of the Six also have concerns about their role and their self-esteem. Faced with anxiety, they can find themselves impaired in their ability to cope with corporate turbulence.

The same four display also low levels of emotional integration or 'ego integrity'. Such lack of maturity and confidence denies them the opportunity to produce value-driven criteria for decision-making and may undermine the task of strategic planning.

It is left to the Managing Director and the Finance Director, both struggling to deal with competitive rivalry, to try to move the organisation on against this tide of individual difficulties.

We will now turn to the next chapter in which these Directors are observed in the task of trying to operate as a Board.

Chapter 7

Research Findings 2

7.1 Introduction

This chapter will examine the data collected as a result of tape-recording Board meetings at the Beamish and Crawford Plc company premises in Cork city. The group that comprises the top team of six directors is looked at qua group and their dynamic interactions scanned for themes that may be interpreted as unconsciously driving their decision-making.

7.2 The Beamish and Crawford Plc Board

The total data collection activity focused on the Board was undertaken over a period of two years. Initially, the researcher found access difficult to achieve. The Board were reluctant to expose its inner workings and decision-making especially in competitive market conditions. The researcher undertook to visit individual directors, their families and the Brewery on 105 occasions, adding up to approximately 200 +hours, before the Managing Director eventually agreed to allow the tape recording of Board meetings. All the Directors attended these meetings that were held in the main room of their 1798 administration building. Surrounded by antiquity the recordings were produced

professionally by the University audio-visual services. The equipment was housed in an anteroom and at no time was the meeting interrupted or did anyone enter the room. The researcher was not in the Brewery on the recording days.

In the previous chapter, we undertook an analysis of individual directors' responses to questions posed first in a written questionnaire and then asked of them in interview. These questions focused on a) their **understanding** of the company's strategy and its operating environment, b) their **expectation** of the top team, and c) their **perception** of their own role in the team.

Their answers revealed markedly different views in each section and provided a picture of this disparate group of individuals who were the Board.

To summarise their individual positions:

- **Managing Director**

He believed that sound, supportive relationships were important and that the survival and progress of the company depended on jettisoning the 'old culture'. He is aware that the Finance Director is both a source of support and a potential threat.

- **Finance Director**

He stated the importance of trust, respect for others and encouragement. At the same time he is trying to balance his rivalry with the Managing Director.

- **Personnel Director**

He clearly views the company environment as hostile and uncertain. He also feels that much of his energy is taken up with the Boardroom conflicts that are not contained and threaten to engulf it.

- **Production Director**

He feels isolated and threatened and looks to the Board to produce vision and direction.

- **Sales Director**

He also feels that the company operates in a hostile environment and sees the Boardroom as a place of subterfuge and pretence. He can see the end of his career at Beamish and Crawford.

- **Business Development Director**

He states that the company operates in an uncertain and distrustful environment and, in addition, the Boardroom has developed a rather immature culture. He sees himself as a challenger of the status quo.

7.3 The 'Holding Environment'

Regressive behaviour in individuals is the result of anxiety provoked by an unstable, inconsistent, insecure or hostile external world. A metaphor originally meant to represent the mother- infant relationship as the first and most critical object relationship, the holding environment can also symbolise the work group or organisation. Each of these *may or may not* facilitate personal identity, self-esteem and ego integrity and may or may not provide adequate freedom within its social structure to reinforce affiliation as well as individuation (Winnicott, 1965). Nevertheless, some individuals bring to the work group or organisation excessive demands for association that represent a compensatory need for a sense of self and identity that is otherwise lacking. Unconsciously, they expect the group or organisation to provide them with the stable, all-loving holding environment absent from their past. Individual regression, therefore, is likely to occur when uncertainty is experienced regarding self, others and the environment and also when anxiety arises from threatened personal identity. Individual regression is observable at the group level of analysis and lends itself to description as a group culture.

7.4 Individual Board Members

An assessment of the individuals of the Board shows that four of the six view the company operating environment and the work group as hostile. Uncertainty, conflict, isolation, subterfuge, pretence and distrust are all cited as sources of anxiety. Neither the work group nor the organisation seem to be able to facilitate the development of security and may threaten personal integrity. The other two directors appear to be more grounded and less anxious about the work group or the organisation.

7.5 Scenario Analysis

In order to pursue this thesis, it is now necessary first to *rationaly* examine 11 group scenarios. These have been chosen on the basis of their containing the groups' perception of the nature of external and internal 'holding environments' that, in turn, may influence the development of group culture. Also they each hold a separate part of the total story rather like a theatre play. Thereafter in Chapter 8, the same Scenarios will be analysed for *unconscious motivation* using the psychoanalytic interpretive methodology as outlined in Chapter 3.

At the first meeting, the Managing Director assumes a role in which he gives an overview of issues that are likely to be newsworthy within the company. The key to speakers is as follows: **MD** – Managing Director; **FD** – Finance Director; **BD** – Business Development Director; **PD** – Production Director; **SD** – Sales Director; **PeD** – Personnel Director.

Scenario 1

The MD begins:

*“Maybe just before we get into the minutes and really before we go round the table, just a couple of things following on the Board meeting and again maybe updates, or maybe for yourselves it isn’t an update because its what you know and what you read in the paper, but **the UK market starting off again continues to go through a very difficult time generally, and specifically the beer market.** May, June, July and August have been very poor and even September from what I hear hasn’t picked up hugely at all. I think Scottish and Newcastle seem to be going OK but quite a bit down against budget and some brands are performing badly; brands like Holstein in the UK which is having quite a bit of a dent.”*

He continues with some share price details and then adds:

*“ So that’s really where it is. I would suspect **that there will be some tough times in the beer industry** before it gets good again. Bass are clearly in a big dilemma because they have had a lot of success with Caffreys and Hoopers and now they’ve gone off the boil. The other issue on the boardroom table at S&N is that if Bass in the UK decide to be difficult we may run into problems in sourcing product to them....we just need to be very careful. A couple of other small points and I don’t mean to steal the limelight in starting off the meeting but this is what we normally do.”*

The MD has set a scene of potentially difficult trading conditions in the beer industry in order that each director can now address the meeting in the full knowledge of an uncertain trading future.

After spending some minutes discussing the Xmas party arrangements when the exchanges between the MD, SD, BD and PeD are muted and reasonable, the discussion once again returns to external difficulties.

MD - *“ I guess that given the UK is having a difficult time it would be better from our point of view that things were going well in the UK because it's just going to create it's own pressures as time goes on.”*

BD - *“ It would have a ripple effect back here is it?”*

MD - *“ Well on many fronts I mean I think we have importation of products over the summer, so if there is at least a discounting, at least it causes pressure and so on in business in general. So I guess that we will just have to wait and see.”*

The MD has managed to raise the anxiety level of the BD. He, in turn, appears to challenge the MD's assessment but learns little more about the situation.

The MD passes the baton to the FD.

Scenario 2

FD - *“ What I would like to talk about first is the pier 4 management accounts. As you can see lads, its not a pretty story to say the least on the domestic front....you can see the export frontit's ahead but that's substantially down on what was budgeted obviously.*

.....it's really where it's all at unfortunately.”

MD – “On period 4 is there any pickup on period 5 into September?”

BD – “Period 5 started off OK, as you know, we've done a lot of promoting.....it's doing well but I thought that we'd be doing a bit better.....mighty disappointed really.

August was a disaster but they are hopeful.....

MD – “ And the draught side?”

SD – “ No great joy there.....with fifteen days gone it's slightly better than after eleven days, whether that's any indication of an improvement....we are clutching at straws. I think that we can only hope that once the weather issue is out of the way it will come back to whatever you might call normal.....it's actually depressing at the minute.

BD – “ I thought that we would be much further ahead. I would have expected to be a bit further ahead.....but at the same time it's not that bad.”

The SD continues here to give some figures and the MD returns to say:

MD – “I think the one thing I would say to yourselves just in the business, even though the volumes are off and the last couple of months have been bad, I think that if we can always project a positive image, because if the guys down in the plant or out in the field pick up in any way despondency among us in terms of either the market or.....performance the I think it exacerbates the situation.....we need to keep positive about the business.”

SD – “I did this kind of sensitivity analysis which is mentioned in the minutes.....I suppose you could say it is gloomy but it's trying to take a view as to what's likely to happen to Brand A.....

MD – “ *OK, OK.....if we can do deals, even sweeter deals to get more volume, let's make sure we.....*

BD – “ *The only thing we are missing I suppose really is the duty free problem.....*

MD – “ *Except we have made that up in Carling, haven't we?*

BD – “ *We haven't really.....*

MD – “ *Your contacts with Murphy's and Guinness, are they talking things down or up or what is the feeling?*

SD – “ *Well all the comments I have heard.....they are talking down.....they are all saying it's a bad time.....and that's a very consistent comment.....its not a one off.....you obviously take these comments with a certain grain of salt, but I don't think people will actually start lying about something like that.....I think that the Celtic Tiger might have extended himself or herself through the summer and the holidays and kids going back to school and the visa bills coming in and all that stuff.”*

The FD is giving information about diminishing market demand for the Company's products. His response is that it's 'unfortunate' and 'not a pretty story'. However, both the SD and the BD are insistent that it is worse than this and describe it as 'disappointing', 'a disaster', 'depressing', 'clutching at straws' and 'gloomy'. They refuse to be encouraged by the MD 's words about projecting a positive image. The SD is not interested in pretence and the BD is distrustful of the MD's motives.

The FD continues with some good news:

Scenario 3

PD – “ *OK, just some issues here.....tap rationalisation.....that's been driven by this team presumably and hopefully will help us in the overall position as regards quality because I mean what's happening with the Carling brand is that the difficulty is a lot of it is coming from the high-risk area, and generates quality problems that we can't cope with really. I can't guarantee a product on half a keg a week.....below half a keg, that the difficulty.....*”

MD – “ *And is the whole list of accounts where we are going to take out extra taps and so on, is that progressing do you know?*”

SD – “ *They are.....there was a hundred dockets already written that day you know.*”

MD- “ *But is it happening in the sense that they are being taken out now, or.....*”

SD – “ *The point in the Carling quality.....your point about the taps was as relevant in December last when we had no complaints.....the issue of accessible taps is not the issue that we are talking about.....we all know that the beer is too....we are talking about even the big outlets having a problem with the Carling quality.*”

PD –“*OK, (to SD) I mean I'm not saying that is the total answer, I'm just saying that with declining volumes, it has become more and more difficult to guarantee quality.....*”

SD – “ *I appreciate the hiccups, but to make a bit of a smokescreen out of the fact that there are too many taps is actually a little unfair..... I think that we may have to grasp the nettle about exploring the 30 litre keg.....I'm saying that this is a problem for this company.*”

BD – “ *Going back to the SD's point.....losing more sales.....it's a fact of life. There are two ways to solve the problem. One is to take the tap out and you are finished with it, that*

solves the problem right but it doesn't help the situation on the product, so therefore what you do is target it and you are going to have less profit in that outlet....”

MD – “ *Well.....I don't know but to me that's crazy....and we should maybe do the financials....we may as well be out of them but there is the Sales rep. Cost, the quality cost, the distribution cost.....I think guys we are talking about this, it comes up time and time again...*”

SD – “ *Of course a lot of the taps should come out, but take that to its logical conclusion and you close the brewery.*”

MD – “*But we need to quantify this.....*”

FD – “*That's already been done.....a report was made which for one reason or another wasn't implemented.*”

SD – “*(to FD) We **have** taken out a number of taps... ”*

FD – “ *Last February this exercise was done and maybe I'm wrong but if the lads thought that an audit was coming up.....Jesus we'd better get something done about this and that's the only reason it moves on.....now maybe I'm cynical.....I don't think that is good enough”.*

BD – “ *This is a discussion where the PD says he cannot guarantee quality after half a keg.....*”

MD – “*I think this is anecdotal stuff and its not helping the debate.....*”

SD – “ *Realistically this is not going to improve very much.....*”

FD – “ *Well then to my mind it has to.....sales guys by their nature if things aren't going well there must be a reason for it... ”*

SD – “*I'm sorry if you believe that.....Can I make a few comments (To PD)*”

Two customers said Carling is 'too gassy, too hard on the stomach ; quality poor and inconsistent; a lot of pints being given back'.

PD – *“ This is an issue for everybody here.....there is an awful lot of people who are drinking it and are happy with it so. ”*

The SD has attempted to destabilise the group by raising the spectre of closure if the quality issue is not tackled properly. The BD colludes in his support of the SD. They accuse the PD of a lack of competence. The MD tries to defuse the conflict by calling for meaningful numbers but the FD undermines him by saying that the sales people have had their chances to improve and something needs to be done now.

The pace slows and the MD continues:

Scenario 4

MD – *“ OK (to PD) have you any other emotional issues that you want to throw at us this morning? ”*

PD – *“ No, No.....I basically talked to Peter Bowles this morning about Brand B.... ”*

SD– *“ Actually, Brand B seems to be extraordinarily consistent in the way it stands up in-house..... ”*

PD – *“ Yes, it's a product, it's a yeast stroke product character which we never.....extraordinarily consistent. ”*

SD – “*And Brand D makes the most excellent.....probably the best lager in the world.*

MD – “*It would be very keen if Tesco in the UK and Ireland are interested in an Irish lager, no label lager.....there could be a big opportunity there you know.....like even a brand at £10 a barrel, you know small volume.....it could make a lot of money and the sheer size of the UK market, it could sort out a lot of issues that we might have from the.....*

The discussion has changed to one of self-congratulation about the quality of another Brand and its potential in overseas markets.

However, when the focus moves to the SD, the tenor of the meeting changes yet again.

Scenario 5

SD– “*Have we commented on the sales....which is.....fifteen days gone and we are still not..... they are better than they were after eleven days, so I suppose that there is some small improvement in the trend.....*

MD – “*Talk about the Brand, if you don't mind.*”

SD – “*Oh, sorry, Brand B is about 3%, that's an improvement.....Brand A is a bit of a concern.....I can't see us pulling it back with the shortfall.....*”

FD – “*The main thing is its performance against last year.....*”

SD – “*We may have a slower burn here.....am I being too pessimistic.....*”

MD – “*It may be the best way.....it has often been said that things that go up very fast go down very fast as well....*

SD – “ *The BD will probably be mentioning that he had his meeting with the VFI.....* ”

BD – “ *If you want to go through it now.....there are a number of issues and if they push them very hard they will cause us some problems and cost us some money....* ”

SDVBA are sending me a report on the AB bottle... I think they are looking for a contribution.....I think we should give it to them actually... ”

MD –“*Environmental clean air in the house.....* ”

BD-“*What do you think, maybe about £1500 a pub?*”

PD – “*Yes, I think that would be a reasonable contribution....*”

SD – “ *It’s an absolutely crazy request.....if you don’t mind me saying so guys, would that not be a competitive issue between one pub and another....?*”

BD – “ *I was above in Zan’s bar one night, huge crowd and the air-conditioning was brilliant.....you know there is no smoke and what have you....*

SD –“ *Ah yes, that’s grand but you bring in an air conditioner then you got to increase your heat, so its costing you more to heat the pub....* ”

FD – “ *Forgive me.....is there smoke coming into the pints or something.....they want us to pay for it?*”

BD-“ *No,no, the pints make the guys smoke more.....seriously they do.....*”

FD –“ *Maybe we should get into discussion with the tobacco manufacturers and come back.....*”

MD – “ *A joint initiative between the brewers and the cigarette companies....ha...I think its unreal... ”*

SD – “ *Ah, its mad.....* ”

The SD is uncomfortable here being challenged about the performance of Brands. He manages to shift the focus to the BD who is criticised for suggesting that the company should submit to demands from pubs to subsidise air-conditioning. Demands from customers is an issue that continues to hold centre stage:

Scenario 6

MD –“ *I think as well the comment that I would make is that if the reality at the moment is that Heineken or our neighbours (Murphy's) here are doing certain deals both on Heineken and on Murphy's in a very formalised way, and from what I hear we are doing it in a very informal way.....it may be better actually to formalise the whole thing and put it together because we might see even.....*

BD – “ *I bet you know.....right”*

MD –“ *But I would actually say at the outset, we should actually be taking in things like cleaning beer allowance, millenium, next door, other issues and maybe at the outset anyway, let's put everything into the mix, throw everything into the bucket here.....and see what we can frame in relation to the whole thing at the end of the day.”*

BD – “ *Well, as you mentioned next door, they want £10,000 per annum, they are more or less demanding it and £1000 per account that would open up as a next door project...and I said...”*

MD –“ *Have Guinness relented on that?”*

BD – “ *I've been told they haven't paid yet but I do know that Murphy's have given a once off payment all rightof £10000..... it's a once off, just a start up payment.....but its huge pressure.....I had a number of phone calls which I sort of kick to*

touch now, and I said that it has to come up at the management meeting, it has to be discussed and what have you.....I honestly don't see any benefit in it right.....but at the same time it's political and there is just a huge pressure to pay that much....."

FD – *"How many outlets would it be at the moment?"*

MD – *"To me if we start putting £1000 like Guinness do.....like everyone.....if you have a 1000 outlets....."*

BD – *"You couldn't concede that....."*

SD – *"I think they are stuck there for ever.....absolutely off the wall..."*

MD – *"I think maybe you can kick it to touch, but if....."*

BD – *"We've actually got five stores, one in Longford, Roscommon, Kildare, Oldcastle and Castleisland.....and the next group of stores are in Clonmel, Tuam, Ballybofey, Youghal, Cork city, Wexford, Enfield, Clane, Castlebar and Galway."*

SD – *"How much are Guinness going to give per store?"*

BD – *"I have asked that question all the time....."*

SD – *"Well if the worst comes to the worst you can say well if Guinness are giving you £1000, we will give you, £100 or £150 or something.....although that sounds crazy...."*

BD – *"I don't think we should actually.....I don't agree with the concept of giving away money because you are opening up an off-licence.....but the bigger thing then is....."*

FD – *"Complete waste of money.....on what basis....."*

SD – *"I think the £10000 you are going to find it very hard to resist it....."*

BD – *"The only thing maybe we could kick to touch in that one and say that its not in budget and kick it on until next May, and see what we will do in the meantime.....hopefully next door might fold up...."*

FD – *"It's galling though....."*

The Company is being squeezed by its two biggest competitors. Because of cost, the MD is reluctant to follow Guinness and Murphy's down the same road and set up proprietors of off-licences with one-off donations. The FD and BD share the view that it is a waste of money. However, the SD pushes the MD to the edge by acknowledging that it is a crazy idea and says what will happen if Beamish doesn't follow them?

The BD has yet another scenario to raise that will exercise minds:

Scenario 7

MD- *"Will we go to you (PeD)?" A lot of work clearly has been going on since our Board meeting on the whole remuneration side... ..maybe I am cutting across you here but we had the Trustee Meeting on Monday which went quite well and the pension information in relation to retirement and so on has been well communicated... ..I know you are up to your eyes in it, but it seems to be going fairly well and fairly positively received in general which is good news, I think."*

PeD - *"So just on the remuneration stuff, of the fifty-nine pack, about fifty of them have gone out at this stage, so I have tried to meet as many people as possible and I think that the response has been pretty good so far... .."*

MD- *"I would say to you all here, if you kind of can at all with your direct reports and maybe people below that... ..try and get these things introduced and implemented as*

quickly as possible, forms signed so that we can get back to.....and I know that a huge amount of work has gone on over the last six months on the thing, just to move it on and get the thing done."

PeD – *"Just on the pensions issue, we were able to produce the schedules for the fifty-nine people involved and again most of them have gone out at this stage.....the other one on the salary reviews, I have given people here proposals on their staff, I forwarded all the details yesterday to Edinburgh, so I am waiting for them to come back and give us final approval to move that on, so hope fully over the next couple of weeks we will be able to advise people....."*

BD – *"Can we not talk to the guys yet so?"*

MD – *"Most certainly not....that all has to approved by me first and than by S&N, but I think overall the deal has been struck....."*

PeD – *"That's it, yeah,and I have given each of the function heads here proposals to come back to me with how they are going to adjust levels."*

MD – *"OK, so clear this with F (PeD). Really I have to say that just on the S&N personnel side, the last few months particularly, I think they have been very open, very, very good in fact you know very helpful in this whole thing. There was a time when they didn't know us, and maybe at the early stages when we were on the hind tip completely....but now there is a lot of good communications opened up, and I think it has progressed.....so that is good news."*

The MD is emphasising here that internally there has been some very good work done and that externally the relationship with Scottish and Newcastle, their

relatively new parent, is going well. The PeD supports the MD and this exchange virtually ends the Board meeting.

The next Board meeting takes place approximately one month later. The MD begins with a preamble as he usually does.

Scenario 8

MD –*“Just a few things by way of preamble to the meeting and the minutes I have in front of me, just to make sure we are all singing off the same hymn sheet as our minutes from the 22 September and we’ll go through them, I think at the very end I’m gonna ask F (FD) to go through the financials, I guess isn’t it yeah....”*

FD– *“Yeah”*

MD–*“And maybe some discussion on the sales side in terms of performance.... First of all the implementation of the remuneration review.....that’s being communicated throughout the organisation at this stage and to my knowledge the salary reviews have taken place with everybody....”*

PeD–*“That’s continuing on...”*

MD–*“That’s on the personnel side. The other key point that I have listed down here that has taken place over the last while is that we’ve got into the papers in terms of a legal case with Bass in the UK. I circulated a note around the business on that and in the*

Magazine 'Marketing Week' there was the headline 'Beamish sues Bass over Irish deal' and that's really going on at this stage and it's quite serious but S&N/Beamish and Crawford will plan to fight the thing tooth and nail. The next point just to highlight again for the meeting and this is obviously highly confidential, the Thomas Reid Group and the SD have been working hard on this one...we had a successful meeting in Edinburgh and he has a series of ten or fifteen trading outlets and another seven or eight licences which have yet to be used and he's very, very progressive, very, very successful upmarket places. I have to say that my motivation in all this is simply to get Miller Genuine Draft pouring in his places. So that's that one. I would ask if you would keep it to yourselves....it would do his business no good if it gets out into the market."

The MD begins the meeting with a preamble that involves sandwiching a threatening external event between two instances of sound progressive work. He may have succeeded in containing anxieties as nobody responds to these statements.

The MD now hands over to the FD.

Scenario 9

FD-“*Very quickly just to show people where the volumes are against our quarter 1 forecast..... So you can see that on the domestic front we were up by 1500 barrels. On the export front we suffered badly again.....we’re down overall in volume by about 1300 barrels.....on export we’re down on Beamish Stout, we’re down on Beamish Red and we’re down overall.....the bottom line is that effectively what we need to do (to SD) is to achieve the quarter volumes.....we really need to come in with our target.....the fears against budget year to date would be predominantly explained by the profit before tax situation being down by about £770,000. That’s really it.*”

MD-“*We were quite badly hit this year on the export side and Beamish Black and Red. And it seems to me looking at some of the UK figures that July and August were certainly a very bad market.....”*”

FD-“*Again to re-emphasise that period 6 is going to be very important...it’s the last period of the quarter and it’s important on the domestic side that we do achieve..... incidentally there’s a site downtown that Mary Hopkins is selling....*”

BD –“*Her moving sign.....?”*”

FD –“*Tis her moving sign effectively but in a few years time when we have a bit more money to spend maybe we could have our own sign there.....”*”

SD –“*You could get a really super sign there...t’would be marvellous....”*”

BD-“*Or maybe one like the Guinness one.....”*”

FD-“*Which I think is an excellent one I have to say.....I think that it is a very important site and I fucking hate to see Murphy’s getting hold of that...*”

MD-“*OK (to FD). Good man. Any questions?”*”

The FD is reporting a dire profit situation to the meeting and points the finger plainly at the SD for failing to meet targets. The MD chooses not to support that accusation but refers only to poor market conditions generally. The FD waxed about a site to which the SD gives him staunch support.

The BD has just returned from holiday and is now asked by the MD to report.

Scenario 10

MD-*"Will we start with you....?"*

BD-*"Oh thanks very much....."*

MD-*"Have you had the chance to catch up on what's happening....?"*

BD-*"Well, trying... ..there's a lot of paperwork there....calm before the storm I think!*

Page one there gives you period 6 with 9 days gone and 10 days to go and there's lots of figures on it but I would say a poor start to the month....alright so back to the FD's earlier comment about budget and it's going to be difficult enough to achieve...."

MD-*"So what are the wholesalers saying,they don't want it from us or is it kinda genuine you know that the market is slow...what would you say?"*

BD -*"It's a mix of both.....probably more of the former....."*

MD-*"OK"*

BD -*"There's a lot of pushing and shoving to get those figures right so in fact there hasn't been a huge selling.....so there's a lot of work to be done in this period...I've been onto the guysneed to achieve our volumes for this period.....cause I don't want*

to go into November/December with a huge deficit because those figures are quite ambitious as they are alright.”

MD-*“Nielsen is showing that Budweiser and Heineken have declined dramatically and that the bottle market is flat... Miller seems to be outperforming all at the moment... I think it's a concern..... OK...Just one thing...where are we in relation to Tesco....”*

BD-*“Still waiting for a letter from Andrew Tidey.....”*

MD-*“Should we go over his head?”*

BD-*“No, No, No, I'm only back since yesterday.....I'm gonna ring him Friday morning...”*

MD-*“OK”.*

The BD, upset at being disturbed, paints a miserable picture for the meeting. Pessimism predominates in an exchange where the MD does not seriously challenge the BD's analysis or his strategy.

The SD follows on from the BD and reports on distribution of Beamish's products.

Scenario 11

SD-*“I was talking to our old friend Tony O'Donnell and he is in negotiation with Michael Taylor.....”*

FD-*“I think that Stephen and Michael have both agreed that approach to Mr. O'Donnell this time should be far more low key.....”*

SD-*"Ah, far more low key....."*

FD-*"It's not going to be a case of working fucking around the clock to produce scenarios for him....."*

SD-*"No, No it's much less ambitious....he's talking 30 kegs a week but maybe 10 is more realistic...."*

MD-*"Is the Penthouse opposite that place?" If there are people going into his pub because of that place....."*

FD-*"That's exactly why he's ringing....."*

SD-*"It may be, it may be....."*

MD-*(to SD) "it may be that the more promos you can do to stir it up in there you know...."*

FD-*"Stephen was telling me that O'Donnell's place is a fucking rough joint and when you're kicked out of there you go to the Penthouse....."*

MD-*"Right...."*

FD-*"And if you get kicked out of the fucking Penthouse....you've nowhere to go....that's the bottom line."*

SD-*"Ah, no it's a rough area but it could actually be a good area for Beamish..."*

FD-*"All right, but they said it was like the Jolly Beggar Man and they expected it to take off but it never had...."*

SD-*"Ah, Jasus, no it wouldn't be as rough as those but that's a place where we expected Beamish to do well and it didn't you know....."*

FD-*"Is there more respectable scumbags there or something?"*

The FD and the SD appear both to know where they are in relation to servicing outlets in the rougher parts of the city. They are in agreement about it and the language used reflects the area they are discussing. The MD looks on incredulously.

The meeting was interrupted at this point by a presentation from Scottish and Newcastle, Edinburgh.

7.6 Conclusion

In addition to the tape recording of Boardroom discussion, the researcher was given access to the minutes of a further eight 3 hour meetings of the Board. The analysis of these minutes suggested strikingly similar interactions between the Directors as was noted in the verbatim tape recordings. The text of the verbatim recordings accompanied by the researcher's interpretation of the group activity was sent to the Managing Director a week in advance of a meeting of the Board and the researcher. The objective of the meeting was to discover how far the researcher's interpretations (hypotheses) accorded with the Boardroom 'reality'. Some resistance, particularly from the Business Development and Sales Directors, was voiced against the incisive nature of some of the researcher's observations, but the Managing Director confirmed that, in his view (and supported by the other directors) those observations reflected the 'truth' of the nature of the Boardroom interactions.

The next chapter will focus on what conclusions about *unconscious motivation* can be drawn from these research findings and examine the relevance of the theoretical insights first discussed in the Literature Review.

Chapter 8

Research Findings 2 Analysis

8.1 Introduction

What do these findings mean in the context of Group functioning? This chapter is concerned to look at the *unconscious motivation* qua group of the individual Directors as they attempt to be productive as a Board of Directors. First, it is important to refer back to the Literature Review and note some theoretical insights on group processes that bear upon our investigation.

8.2 Group Culture Formation

Integration and attachment appear to be important for individual identity. They also seem important for group identity. Bion (1959) believed that the individual is a group animal and in order to study the individual, it is required that he be looked at from the position of the group, and the group from the position of the individual. Marris (1974) added that the

boundaried group serves as a defence against external dangers and internal distress and so preserves our attachment to meaning in our lives. This defence is reinforced by the intense identification of group members with both the leader and the group as a whole. This, according to Freud (1919) created a 'psychic cement', which although operating outside awareness, often leads to a common ideal.

He adds that identity with a group entity can go beyond the mere perception of it and the investing of it with some emotional meaning, for identification in this sense also contains an element of individual commitment.

Bion (1959) likened the problem of the individual coming to terms with the emotional life of the group to that of an infant in its first relationship. The Group identity can become for the individual the symbolic representation of a nurturing mother. Terms such as 'mother earth', 'motherland' and 'alma mater' derive from such experience. The universal need to belong, it seems, represents a covert wish for restoring an earlier state of unconflicted well being inherent in the exclusive union with mother. However, the world is full of experiences that generate anxiety and all groups must find some way to deal with internally and externally created problems. Bion (1959) has suggested that when there is a hiatus between the group and the external environment, the group produces what he calls 'basic assumption' cultures. These cultures function to defend the group against the possibility of anxieties becoming too intense. They are, in effect, underlying, unconscious mechanisms of defence which do not conflict with each other but only with what Bion calls the 'work group', this being a well adjusted, productive, mature and progressive form of the group which anxiety has not overrun. At times, the group can be dominated unknowingly by one of these basic assumptions, thus preventing

any useful work being done. Before examining the data, in the order in which it was recorded in the Boardroom, it is important to define each of these 'basic assumptions'.

8.3 Basic assumptions

- **'Fight/Flight'**

Frustration at the lack of a 'good enough' holding environment can engender aggression. Sometimes this is discharged at the leader of the group, and sometime it is displaced towards others. The destruction of statements, of ideas, of personalities resembles the behaviour of children who do not have sufficient basic trust in their holding environment. In other words, the group throws a tantrum. We have already seen from earlier analysis that four of the six Directors show low levels of basic trust and potentially may occupy this basic assumption frequently.

Alternatively, common danger may precipitate a flight into unreality. Survival of the group, experienced at an unconscious level, may only be possible if escape is secured from the prevailing intense anxiety.

- **'Dependence'**

When the group functions in this mode, it wants to be protected by the leader on whom it depends for intellectual food. If the leader refuses to protect it from anxiety, the group

may feel isolated and abandoned. Silence often prevails, insecurity deepens, and harsh realities are often ignored. Dependence, Bion says, is a regression to early childhood situations where the infant depends on his parents for control over reality. It is an eternal dream of a good, strong, intelligent leader who will always assume their responsibilities when the going gets too tough.

- **‘Pairing’**

Sometimes the ‘fight/flight assumption can lead to the formation of sub-groups or couples. Such couples may try to reform the entire group, arousing a messianic hope of salvation from anxiety. However, Bion says that the couple is dangerous because it is an independent sub-group.

These ‘assumptions’ never appear together and when they do appear, it is inevitably to supplant the work group. This chapter will now continue to examine the scenarios in order to try to identify the productive capacity of the Board.

8.4 Basic Assumption Analysis

Scenario 1

The MD here introduces some not so good news to the group.

“...the UK market starting off again continues to go through a very difficult time generally, and specifically the beer market. May, June July and August have been very poor.....”

Nobody in the group interrupts him, even to ask a question. He continues,

“ So that’s really where it is.....there will be some tough times in the beer industry before it gets good again.....we just need to be very careful”

He repeats the statement using different words but there is still no response from the group.

He continues again,

“I guess that given the UK is having a difficult time, it’s going to create its own pressures”

He repeats this sentiment a third time. The Business Development Director, who is already very distrustful of the MD's leadership, asks a question,

"It would have a ripple effect back here is it?"

He seems to saying that despite the MD expressing a threat to the business three times, he is disbelieving, and perhaps at one level is suggesting that if the leadership is as good as it claims to be, are we really going to be affected by these problems.

The MD responds,

"...we will just have to wait and see".

Anxiety is high at this moment, and the group seem to be largely silent and in *dependency* mode, with insecurity deepening. The BD, as one who has already said that he makes a point of challenging the leader often, questions whether the MD's interpretation is credible. His is the lone voice searching for reassurance.

Scenario 2

This piece of group interaction may be reminiscent of an aggressive outburst against anxiety building up around bad news in the marketplace.

The Finance Director begins,

“ What I would like to talk about first is themanagement accountsits not a pretty story.....the export front 's substantially down....its really where its all at unfortunately. ”

This harbinger of a downturn is challenged by the MD who is looking for hope, but the BD enters the discussion,

“Period 5 started off OK.....but I thought that we'd be doing betterdisappointed really.”

The MD tries again to explore the possibility of some good news but the SD adds that on the draught side,

“No great joy there.....we are clutching at straws....its actually depressing at the minute”.

The BD echoes these sentiments again with,

“ I thought that we would be much further ahead...I would have expected to be a bit further ahead”.

The MD once more injects an upbeat note,

“Even though....the last couple of months have been bad.....we need to keep positive about the business”.

However, this does not move the SD who says,

“...you could say it is gloomy.... All the comments I have heard (about contacts with Murphy’s and Guinness).....they are talking down.....they are all saying it’s a bad time....the Celtic Tiger may have extended himself or herself through the summer.....and the visa bills coming in and all that stuff.....”

The BD and SD both have been assessed as unable to trust the leadership, lacking confidence in their own role and displaying some level of emotional immaturity. Their production of pessimistic statements about the future suggests that the culture has entered a “fight” mode where these Directors are intent on negating the MD’s expressions of hope. Anxiety here may have precipitated a certain infantile rebelliousness.

Scenario 3

In this scene, there appears to be a clear attempt to scapegoat the Production Director. The group anxiety level is high, with sales and customers being threatened by poor beer quality. The Board turn unknowingly and unwittingly to the ‘fight’ basic assumption in order to try to deal with the impact of this anxiety. The Production Director opens,

“Ok, just some issues here...tap rationalisation.....what’s happening with the Carling brand is that the difficulty of a lot of it is coming from the high risk area, and generates quality problems that we can’t cope with really...I can’t guarantee a product on half a keg a week....”.

The Sales Director comments on this,

“The point in the Carling quality.....the issue of accessible taps is not the issue that we are talking about...we are talking even about the big outlets having a problem with Carling quality”.

The Production Director now goes on to the defensive,

“OK (to SD), I'm just saying that with declining volumes, it has become more and more difficult to guarantee quality....”

The Sales Director launches aggressively into an attack,

“I appreciate the hiccups, but to make a bit of a smokescreen out of the fact that there are too many taps is actually a little unfair.I think that we may have to grasp the nettle.... I’m saying that this is a problem for the whole company”.

The Business Development Director now enters into a collusion with the SD,

“ Going back to the SD's point.....losing more sales....it's a fact of life. There are two ways to deal with it....one is to take the tap out but that doesn't help the situation on the product....”

The MD thinks that this is crazy, but the Sales Director forces home the point,

“ Of course a lot of the taps should come out, but take that to its logical conclusion and you close the brewery....”

The Finance Director enters the fray, now that the anxiety levels have escalated on the mention of closure,

“.....Jesus, we'd better get something done about this.... I don't think that is good enough”.

The BD and the SD are now well into pinning the blame on the PD, the BD adding,

“This is a discussion where the PD says he cannot guarantee quality after half a keg....”

The SD follows with,

“Realistically this is not going to improve very much....”

The FD panics a little and suggests that the Sales people may actually be to blame for this fiasco,

“...sales guys by their nature if things aren't going well there must be a reason for it...”

The SD takes exception to this remark,

“I'm sorry if you believe that... ..two customers said that Carling is too gassy, too hard on the stomach; quality poor and inconsistent; a lot of pints being given back”.

The PD tries to defend himself again,

“This is an issue for everybody here....there is an awful lot of people who are drinking it and are happy with it so”.

Criticism abounds in this scene with the Sales Director and the Business Development Director, both of whom have been noted to be less than personally secure individuals, creating an alliance with which to attack the Production Director. The spectre of closure may have so seriously disabled the SD and BD with anxiety that scapegoating the PD was their only way to deal with it.

Scenario 4

The mature 'work group' makes a fleeting appearance in this scene. The MD asks the PD if he has any more emotional issues to 'throw' at them this morning; the PD replies that he hadn't. The Sales Director, fresh from the previous scene and divested of his anxiety, says,

"Actually, Brand B seems to be extraordinarily consistent in the way it stands up in house..."

The PD replies that it is a product that is extraordinarily consistent. The SD continues,

"And Brand D makes the most excellent...probably the best lager in the world".

The MD senses the constructiveness of the exchange and adds,

"...there could be a great opportunity there.....it could make a lot of money....it could sort out a lot of issues..."

This exchange seems to demonstrate that when the group is engaged in a discussion that produces little or low levels of anxiety, some constructive work can get done. However, it does not last.

Scenario 5

There appears to be initially an uncomfortable focus on the performance of Brands, with the Sales Director saying,

“Have we commented on the sales.....they are better than they were after eleven days, so I suppose there is some small improvement...”

The MD gets rather edgy,

“Talk about the Brand, if you don’t mind...” To which the SD responds,

“Oh, sorry, Brand B is about 3%, that’s an improvement.....Brand A is a bit of a concern...I can’t see us pulling it back with the shortfall.....we may have a slower burn here...am I being too pessimistic?”

The MD seems a little unhappy and says,

“...it has often been said that things that go up very fast go down very fast as well”.

It may be that Sales Director reads this statement as in part relating to him personally, which would tend to cause more than a little anxiety in one who seems to possess little

self confidence. His next contribution suggests that the group, unconsciously trying to avoid the pressure caused by the MD statement, enters the 'flight' basic assumption mode.

"The Business Development Director will probably be mentioning that he had his meeting with the BFVI....."

Having successfully deflected attention to the BD, the BD himself, unwittingly trying to de-escalate the level of anxiety, offers to discuss the matter of donating money from the brewer to pub owners to help them install air conditioning. The SD picks this subject up with relish, perhaps because he suspects unconsciously that he can bury the subject of poorly performing brands in this.

"I think its an absolutely crazy request (from the pubs)..."

The Finance Director also has reservations,

"Forgive me...is there smoke coming into the pints or something...they want us to pay for it?"

The MD also adds his condemnation,

"A joint initiative between the brewers and the cigarette companies...ha...I think its unreal".

The Sales Director makes one final comment,

"Ah, its mad...."

From the possibly perceived madness of one realm, viz the rapid downfall of the Sales Director (if it could happen to him, it could happen to others) the group appear to have unwittingly tried to avoid this and moved the discussion to the perceived madness in another safer realm. Their anxiety may have propelled them to clear the air in more than one way.

Scenario 6

This scene seems to provide an example of the 'pairing' of two Directors in an effort to avoid a potentially difficult competitive situation. The fear of not competing with the big name brewers appears to be greater than the anxiety related to the cost of doing so.

The MD introduces the subject,

"...Heineken and Murphy's are doing certain deals in very formalised way.....from what I hear we are doing it in a very informal way.....it may be better actually to formalise the whole thing".

Heineken and Murphy's have been giving publicans one – off donations and the BD is concerned about this,

".....they (large pub next door to Beamish brewery) want £10,000 per annum, they are more or less demanding it.....Murphy's have give a once –off payment all right ...of £10,000...it's a once-off, just a start up payment...but its huge pressureits political and there is just huge pressure to pay that much...".

The SD intervenes,

"I think they are.....absolutely off the wall.....well, if the worst comes to the worst, you can say that if Guinness give you £1000, we'll give you £100 or £150 or something...although that sounds crazy".

The BD also is ambivalent about this,

"I don't agree with the concept of giving away money because you are opening an off-licence.....but the bigger thing is then.....".

The Finance Director believes this to be a complete waste of money and is galling but the SD adds,

"...the £10,000,.....you are going to find it very hard to resist it

The Sales Director and Business Development Director appear to have unconsciously succumbed to the anxiety associated with not being able to compete. They agree rationally that these donations are nonsense, but seem to be in an unwitting alliance of self-preservation. This 'pairing' might be interpreted as an unconscious creative attempt to avoid group disintegration.

Scenario 7

This appears to be an example of a progressive 'work group'. The MD is very positive about internal and external relationships.

"(To Personnel Director).....a lot of work clearly has been going on.....on the whole remuneration side...the Trustee meeting on Monday went well....and the pension information.....and so on has been well communicated.....it seems to be going fairly well and fairly positively received in general which is good news, I think".

Following on from the last scenario, the MD relates to the rather insecure PeD as one who has done some rather good work. Perhaps sensing the PeD's negative self-perception, the MD emphasises the good news.

The PeD responds,

"...I think that the response has been pretty good so far"

The MD continues,

" I would say to you all here, if you kind of can at all....try and get...forms signed....and I know that a huge amount of work has gone on over the last six months....."

The PeD adds all the detail about what he did exactly over the past six months but that does not quite appear to satisfy the rebellious BD.

" Can we not talk to the guys yet so?" he says

The MD slaps him down with,

" Most certainly not....." appearing to squeeze out this fly in the ointment which threatens to destroy the group's feelgood and positive atmosphere.

The MD, in his last contribution to the scene, appears to eulogise on the role of a parent and what a significant difference they can make to the functioning of an organisation. At

an individual level, the balanced intervention of a parent will always, in the view of psychodynamic theorists, contribute to the well adjusted behaviour of siblings.

“Really I have to say that just on the Scottish and Newcastle personnel side, the last few months particularly, I think that they have been very open, very, very good in fact you know very helpful in this whole thing. There was a time when they didn't know us and maybe in the early stages when we were on the hind tip completely...but now there is a lot of good communications opened up, and I think it has progressed...so that is good news”.

Scenario 8

The MD holds the floor alone in this scene. He has some difficult news to convey, but either consciously or unconsciously manages to sandwich this between two pieces of good news and thus in Bion's (1959) terms has acted as a 'container' for the group's anxiety. The group appears to be stable, quiet and capable of work.

“Just a few things by way of preamble....first of all the implementation of the remuneration review.....that's being communicated throughout the organisation at this stage and to my knowledge the salary reviews have taken place with everybody....

The other key point that I have listed down here is.....that we have got into the papers in tem,s of a legal case with Bass in the UK.....its quite serious but S&N and B&C will plan to fight the thing tooth and nail.

The next thing just to highlight again for the meeting.....the Thomas Reid group and the SD have been working hard on this one. We had a successful meeting in Edinburgh and he has a series of ten or fifteen trading outlets and another seven or eight licenses which have yet to be used and he's very, very, progressive.....very, very successful upmarket places. I would ask you to keep it to yourselves.....”

Scenario 9

There appears to be deep anxiety in this scene about lack of sales. The Finance Director releases the facts that point toward the Sales Director as having failed to meet targets but the group, smitten with unease, take ‘flight ‘ into discussion about a site they would like to have.

The Finance Director opens,

“....on the export front we suffered badly again....we're down overall by about 1300 barrels....on export we're down on Beamish Stout, we're down on Beamish Red and we're down overall.....the bottom line is (to SD) to achieve the quarter volumes.....we really need to come in with our target....the fears would be explained by the profit before tax situation being down by about £770,000. That's really it.”

The MD confirms this,

"We were quite badly hit this yearJuly and August were certainly a very bad market"

He seems to be trying to place the problem in the state of the market, but the Finance Director will have none of it,

"Again to re-emphasise....it's important on the domestic side that we do achieve....."

Then he suddenly breaks off, and in the same breathe introduces a new issue,

".....incidentally there's a site downtown that Mary Hopkins is selling.....in a few years time when we have a bit more money to spend maybe we could have our own sign there....."

As if relieved that the pressure is off him and the group does not have to confront his failure, the SD chips in,

"You could get a really super sign there...t'would be marvellous..."

"Or maybe one like the Guinness one...." the BD adds.

The Finance Director makes the final comment on this site which appears to be related to his previous comment about 'when we have more money to spend'. He seems to be angry that Beamish do not have more money to spend and if the Sales Director had been doing his job, they might well have had. But with anxieties running high about the possible outcome of this confrontation, the group seems to have unconsciously decided to opt for safer ground.

"...I have to say that it is a very important site and I fucking hate to see Murphy's getting hold of that..."

The MD, at some level, seems relieved and says to the FD,

" Good man, (and to all), Any questions?"

Scenario 10

This scene paints a depressing view of the marketplace. The Business development Director, newly returned from holiday, seems to be avoiding the prospect of dealing with harsh reality and in his statements appears to be saying little and repeating it. This 'flight' into emptiness appears to be unconsciously condoned by the MD who does not really

challenge him, as does none of the rest of the group. The MD begins in a conciliatory manner with the BD,

"Will we start with you? ..."

At this the BD appears angry,

"Oh thanks very much...."

Again the MD addresses this known saboteur,

"Have you had the chance to catch up on what's happening? ..."

The BD immediately launches into waffle. The group anxiety may be rising at this point.

No one contributes comments.

"Well trying, ...there's a lot of paperwork there, calm before the storm I think..."

The group may well have heard what could be interpreted as a veiled threat in this comment.

"...I would say a poor start to the month.....so back to the FD's earlier comment about budget an it's going to be difficult enough to achieve...."

The MD is gently probing,

“...is it kinda genuine you know that the market is slow.....what would you say?”

The BD answers neither yes or no,

“It’s a mix of both.....probably more of the former....”

The BD is becoming a little agitated and continues to try to avoid the issue,

“There’s a lot of pushing and shoving to get those figures right so in fact there hasn’t been a huge selling... ..there’s a lot of work to be done... ..need to achieve our volumes.....those figures are quite ambitious as they are.....”

The MD refers to the progress of competitors and repeats his earlier fear that the market may be flat. In so doing, he appears to be colluding with the BD who wishes the spotlight to be off sales.

Scenario 11

The anxiety in this scene seems to be centred on Beamish' problem about how to serve the rougher areas of town, some of which appear to have produced good sales figures in the past. The Finance Director and the Sales Director, arguably the two most streetwise on the Board, appear to unconsciously 'pair' up to find a survival strategy for Beamish in these areas. Their language suggests that they are unwittingly trying to demonstrate to the group that they (and by implication, Beamish,) could hold its own in these areas.

The FD opens,

"I think that Stephen and Michael have both agreed that an approach to Mr. O'Donnell this time should be far more low key....."

The SD agrees,

"Ah, far more low key..."

Again the FD says prescriptively,

"It's not going to be case of working round the fucking clock to produce scenarios for him....."

The SD agrees again,

“No, No, its much less ambitious.....”

The MD intervenes with a view that O'Donnell is ringing because he wants more beer from Beamish given that he is opposite a popular place known as the Penthouse. The FD continues,

“That's exactly why he's ringing.....”

The SD again concurs,

“It may be, it may be.....”

There appears to be little doubt at this point that the pair are enjoined to do battle. The FD raises the stakes,

“Stephen was telling me that O'Donnell's place is a fucking rough joint and when you're kicked out of there you go to the Penthouse....and if you get kicked out of the Penthouse...you've nowhere else to go...that's the bottom line”.

Here the SD may feel that the FD may be suggesting that Beamish should exit these areas altogether and says,

“Ah no, it’s a rough area but it could be good for Beamish...”

The FD is not convinced,

“All right but they said it was like the Jolly Beggarman and they expected it to take off but it never had...”

The SD tries once more,

“Ah Jasus no it wouldn’t be as rough as those....”

The FD is resolute,

“Is there more respectable scumbags there or something?”

The FD and the SD appear to have unconsciously worked together to produce an independent sub group to try to deal with the tensions involved in making decisions about serving rough parts of Cork city. Silence on the part of the other group members may reflect a degree of unconscious collusion with this task.

Having now examined each scenario separately, the chapter will conclude with drawing some conclusions about the operation of the Board as a group.

8.5 Unconscious Group Cultures

The idea of regression was very much part of Bion's (1959) theory of group functioning. He postulated that the 'basic assumption' states were based on the processes that established themselves in earliest infancy. He saw the anxiety that provoked them as deriving from much earlier phases in which the fears were of disintegration, a loss of the self or madness. They crystallised for him replicas of the emotions with which the infant related to the mother, and later, the family.

Bion further describes how the work of the group, its functioning and task performance, is impaired with deterioration of the ego functioning of the members. The realities of the situation and task are lost sight of, reality testing is poor, secondary process thinking is poor and more primitive forms of thinking emerge. There appears a new organisation of behaviour that seems to be determined by fantasies and assumptions that are unrealistic and represent a failed struggle to cope with current reality. Thereby the group survives at the expense of the individual though its essential functioning and primary task are now altered in the service of a different task.

We have seen how, in the last chapter, the ego functioning of members seemed to be regularly compromised. Four Directors from the six appeared to have difficulty trusting others, had low levels of self-esteem and poor ego integrity. Under pressure to ensure the survival of the organization, and of the group; to grow the business and to compete, those Directors may find that the functioning of the group is impaired by its constant occupancy of 'basic assumption' states.

When we look at the analysis of these states, we find that the group operated in mature, progressive culture mode a little under 30% of the time. Productive work may only have been possible at these times. *For the rest of the time, the group appeared to move unwittingly and unconsciously between the fight /flight, pairing and dependency cultures that were all defensive mechanisms designed to defeat anxiety.*

Such high levels of individual ego malfunctioning in the group may have led to the high occupancy rate of the basic assumption states. It is in this context that we must now look at the nature of the Board's decision-making.

“

Chapter 9

Conclusions and Implications

9.1. Introduction

From the current literature, it appears that the decision-making behaviour of Boards may be seen only through a framework of Agency or Stewardship theory. The model of behaviour underlying these theoretical perspectives is that of the self-interested actor rationally maximising economic gain. However, although these perspectives allow of some explanation, they are too limiting. It is argued here that another source of the decision-making behaviour of Boards may be seen as the interaction and outcome of progressive or regressive Board cultures' attempts to deal with stable or unstable 'holding environments'. This brings to bear the impact of *unconscious motivation* on decision-making.

This framework tries rationally to 'make sense' of a situation which involves executives making decisions in the context of a group. The structural mechanism for leadership of the Board coupled to the type of motivation exercised by the group suggests

particular outcomes. If a Board experiences CEO duality coupled to other-directed (altruistic) motives, then in practice it seems that Stewardship decisions may be more likely to be implemented in order to achieve greater shareholder returns. If however, the role of CEO and the Chair is split and this is coupled to opportunistic motivation in the group, then it is more likely that self-interested (Agency) decisions are made in order to stem agency loss and increase shareholder returns.

However, we also need to probe the inner world or 'theatre' (Kets de Vries, 1991) of executives in order to properly understand organisational decision-making. It is also difficult to make sense of a group's motives, needs and attitudes without understanding the role that fantasy, conflict and defence mechanisms play in the individual's interpersonal world. An orientation that recognises the role of *unconscious motivation* and the presence of intrapsychic conflict will have an enriching effect on more traditional theories of organisational functioning. The application of clinical concepts to the analysis of organisational relationships facilitate ways of prediction that may reach far beyond the scope of more traditional theories. The paradox of choosing the clinical paradigm as an investigative method is that things that initially seem mystifying appear to have an underlying rationale. The work of 'wrestling with Freud's demon [of irrationality] in a sober way' (Gay, 1988) is the challenge for the scholar.

This chapter will now continue with an attempt to identify the nature of different 'holding environments' as perceived by the Board and whether they appear to be operating in progressive or regressive mode. Given that it has been suggested in the last chapter that the Board seem to be in productive capacity mode for a little under 30% of the time (the balance of the time being spent in one of the basic assumption states), it is intended to

map the research findings on to a new conceptual framework in order to discover whether the current research literature has fully explored the unconscious reality of Board decision-making.

9.2 Assessment of Scenarios

In order to identify the dynamics in the top team, it is now necessary to examine each scenario with a view to:

- a) Identifying the nature of the environment being dealt with as **stable** or **unstable**
- b) Identifying the group culture as **progressive** or **regressive**
- c) Indicating the form of **decision-making (Agency or Stewardship)** associated with each

Thereafter these scenarios, which are examined in the order in which they occurred in the recorded data, *and their resemblance to family dynamics*, will be discussed in relation to the research question posed in Chapter 3. These scenarios will then be mapped on to the new conceptual framework discussed earlier in this chapter.

Scenario 1

Group anxiety is high in this scene. Most of the group are silent and appear to be working in a '*dependency*' basic assumption state. A distrustful BD challenges the MD and both are discussing an externally **unstable** situation. The MD's uncertain response appears to deepen the insecurity of the BD (and perhaps the rest of the group) and suggests a **regressively** defensive group posture.

- **Analysis**

Homogenised (regressive) group cultures tend to betray weak leadership. They appear to have retreated into a selfish and dependent silence anxious about competitive instability. Decisions are likely to be more **self-directed** (Agency). *In families*, the situation may be similar to a parent failing in his/her duty to head up the family.

Scenario 2

The FD here is illustrating a seriously **unstable** competitive situation. Both the BD and the SD, who appear to lack self-confidence, refuse to be encouraged by their leader. The group seems to have taken up a '*fight*' basic assumption and unconsciously

may be negating the MD's expression of hope. This **regressive** position does not promise much in the way of constructive work.

- **Analysis**

The frustration of the BD and SD who refuse to be encouraged by their leader can often be similar to the determination of children who unconsciously try to destroy those who cannot provide a 'good enough' holding environment. Survival here is important and decisions thus tend to be **self-directed** (Agency).

In families, this might be akin to losing faith in a parent.

Scenario 3

The group anxiety level here is high, with sales and customers being threatened by poor beer quality. The PD is discussing a very **unstable** situation that raises the spectre of closure of B&C. The SD unsettles the group with such talk, ably supported by the BD. Scapegoating of the PD takes place as the group are in a '*fight*' basic assumption trying to deal with the tension that has been created. The MD is unable to defend him and a **regressive** group culture ensues.

- **Analysis**

The potential destruction of the 'holding environment' can engender destructive impulses. The anticipated loss of security may have precipitated self protective and **self-directed** (Agency) responses.

In families, the separation of parent and child reputedly can create such responses.

Scenario 4

This is a self-congratulatory '*work group*' that revels in the reputation of Brand B. For the moment, enjoying a **stable** background and a directive and supportive leader. The culture of this group is positively **progressive**.

- **Analysis**

This appears to be the epitome of a productive group. With firm leadership and secure environment it can maturely progress.

In families, this the model of a strong, supportive, parent- led group.

Scenario 5

The report from the SD on the sales of the Brands suggests an **unstable** situation. The SD seems to be accused by the MD and it is suggested obliquely by the MD that his head could roll. The group may unconsciously take '*flight*' here and find comfort in being distracted by the BD. He now has to explain his support for paying for air-conditioning in pubs and the SD finds solace in this **regressed** group culture.

- **Analysis**

The group seem here to be focused on escape from intense anxiety. The existence of one member (who does not relate well to the MD) seems threatened and the group are thankful for a momentary distraction. Self-protection and **self-directed** (Agency) decisions would appear natural now.

In families, it appears not unusual that a sibling who is threatened by a parent precipitates defensive behaviour on the part of all the children.

Scenario 6

The fear in the group of not following their main competitors in the marketplace is tangible and appears to **destabilise** them. The heightened anxiety in the group

precipitates a '*pairing*' basic assumption in which the SD and BD unconsciously work together. They engage in an alliance of self-preservation in the context of a firmly **regressed** group culture.

- **Analysis**

Failure to keep up forces thinking about reform. The unthinkable is resisted by an attempt to create an alternative structure. Survival issues predominate and result in **self-directed** (Agency) decision-making.

In families, siblings can often be seen to be plotting alternatives to failing family structures. They creatively produce alternative parental figures (siblings) who try to 'save' the family group.

Scenario 7

The MD is reporting an internally **stable** and satisfactory situation. The Board have all the appearance of a productive '*work group*'. The leader is incorporative and supportive of the Company's parent and the exchanges display a balanced **progressive** group culture.

- **Analysis**

A democratic and reflective MD heads a mature group, openly expressing his attachment to the corporate parent. **Other - directed** decisions (Stewardship) are more likely now.

In families, children live what they learn. To have a parent express his care for his own parent teaches children about security, safety and continuity.

Scenario 8

The MD has **stabilised** a potentially threatening event between two examples of progressive work. As leader he is acting unconsciously as ‘container’ and thus is protective of the group’s capacity to work. This ‘work group’ demonstrates a low level of anxiety at this moment and has established a **progressive** group culture.

- **Analysis**

Danger has been avoided and the incorporative MD has laid the foundation for a productive group who may now have more space and less anxiety, thus are able to focus on **other-directed** (Stewardship) decisions.

In families, it is the parent’s role to defend the siblings against anxiety and to contain circumstances which may threaten them.

Scenario 9

The group is trying to deal with a report of **unstable** market conditions. The FD creates fear in the group by identifying a failure to deliver on the part of the SD. Anxiety levels having risen, the group takes '*flight*' into a discussion on a site. The MD shies away from conflict and leaves the SD to appease the FD. At this moment the group **regressive** culture is incapable of much constructive work.

- **Analysis**

Fear rises in the group in anticipation of breakdown. Unconsciously, survival of the group is paramount and discussion about a site eases the anxiety. Decision-making now appears to be wholly **self-directed** (Agency).

In families, a parent may sometimes neglect his/her responsibility to prevent breakdown. Often, children are left to piece the family together to save the group.

Scenario 10

The BD paints an **unstable** picture of the marketplace. He is newly returned from holiday and appears to wish to avoid discussion of work. Anxiety may rise here in the MD, who seems not to manage conflict well, and they both enter the '*flight*' basic assumption mode, unconsciously colluding in discussing nothing of substance. This lack of leadership allows group **regression** to an unproductive state.

- **Analysis**

Mismanagement of conflict produces a descent into nebulousness. The MD's collusion signals lack of direction to the group who need now to look after themselves. **Self-directed** (Agency) decision-making takes over.

In families, parental collusion with a child intent on disruption can split a family group.

Scenario 11

The marketplace under discussion between the FD and the SD is unknown, unpredictable and **unstable**. The hidden agenda seems to focus on finding a survival strategy for Beamish in those rough parts of town. This raises concerns in the FD and SD who appear to unconsciously '*pair*' up to deal with this tension. The group may be unwittingly colluding in this attempt and thus precipitates the development of a **regressive** group culture.

- **Analysis**

Survival is important here; competing is vital but so also is staying alive. The creative pairing of the FD and the SD is a device to offset the anxiety of confronting this. **Self-directed** (Agency) decision-making would appear to be the norm under these circumstances.

In families, children often collude to head off a common enemy. The hidden enemy may be the parent, who like the MD above, is noticeably absent.

9.3 Matrix of Boardroom Decision-Making Behaviour

Earlier in this thesis it was noted that the extant literature suggests that Board decision-making behaviour tends to be seen only in terms of Agency or Stewardship theory.

The motivation for individuals in both cases is one of *rational maximisation of economic gain*.

However, this may not be the full picture. It has been suggested in this research that *unconscious motivation* may be as important in the construction of Boardroom decisions. It has also been suggested that a work group like a Board does not just produce one 'culture' but is capable *unconsciously* of creating a range of progressive or regressive cultures (Diamond, 1991 – Chapter 3). These cultures interacting with either stable or unstable operating environments may also contribute to the development of Agency or Stewardship decisions. Before going on to look at a model of decision-making reflecting the presence of unconscious motives, it is first important to link the research findings to the original research question.

9.4 Research Question

In Chapter 3 one central research question was formulated in relation to this study. This will now be revisited in the light of the research findings. The question was:

When Boardroom culture and environmental change interact, to what extent is decision-making influenced by unconscious forces?

Let us now revisit the interpretation of data from the previous 11 Scenarios

Scenario Theme (Unconscious)	Leader	Decision-Making
Retreat and failure	Weak	Agency
Losing faith in leader	Weak	Agency
Separation /?closure	Weak	Agency
Strong, parent led	Strong	Stewardship
Escape from threat	Aggressive	Agency
Defeat/failure	Absent	Agency
Supportive, parent led	Strong	Stewardship
Danger/threat avoided	Strong	Stewardship
Fear of breakdown	Weak	Agency

Failure to confront conflict	Weak	Agency
Pairing to stay alive	Absent	Agency

These findings suggest that it is not only the *rational maximisation of economic gain* that is influential in delivering decision-making modes in the Boardroom, but that *unconscious motivation*, derived from the combination of the *transference of original object relations from the past to the present and enacted in the group that is the Board* also has a part to play.

The Boardroom dynamically resembles a family group. In a family, when a parent fails in his or her duty to protect 'the holding environment'; fails in their duty to confront conflict; fails to recognise the trauma of separation or breakdown in relationships and fails to enact democratic and incorporative principles in their approach to family members, then chaos and/or disintegration can result (Kets de Vries, 1989). It is under these circumstances that the deep fear of personal disintegration (Winnicott, 1965), elucidated in the Literature Review, will prompt an individual to make self-interested decisions and the group will be neglected.

Thus, in the Boardroom, it is suggested that when the stability of the organisational 'holding environment' is compromised by external forces and this is combined with weak or ambiguous leadership, regressive group 'cultures' will tend to develop which will give rise to self-interested (Agency) decision-making. On the other hand, stable 'holding environments' combined with strong, confident and just leadership will tend to produce other-directed (Stewardship) decision-making. As Donaldson and Davis (1994) said,

switching between these two extremes happens frequently in practice, but this research suggests that it may happen also for reasons heretofore unrecognised.

In order to maximise rationality in Board decision-making, the impact of unconscious dynamics may need to be more clearly understood.

9.5 Research Question and the Literature

This section will now look at the connection between the question asked and the actual findings of the research.

Donaldson (1990a, 1990b) argues that a manager's performance is determined by structures that enhance or deny the opportunity to produce good results. A good CEO who can empower managers and can exercise direction, command and control is a major part of that. Thus Stewardship theory focuses on empowering structures and holds that CEO duality, rather than the separation of the chair from the CEO, will provide superior returns to shareholders. This utilitarian approach of calculating the costs and benefits of particular actions, of gaining rewards and avoiding punishment is fundamental for a theory of governance positing that managers' and owners' interests may at times coincide.

However, an alternative approach, that of Agency theory takes a different view.

In the modern corporation, in which share ownership is widely held, managerial decisions often conflict with what is required to maximise shareholder returns (Berle and Means,

1932). The owners are seen as principals and the managers as agents, and as such, there is an actual agency loss that is the opportunity cost of allowing managers to exercise direct control of the organisation (Jensen and Meckling (1976). Current literature suggests that these two approaches are the only contexts in which organisations can consider their decision-making.

The motivation of individuals in both cases is recognised as the *rational maximisation of economic gain*.

The findings of this research project have suggested in a limited way that *unconscious motivation founded on the transference of object relationships from the past in to the present* may also predispose towards the creation of Agency or Stewardship type decisions. Rationality may well be compromised through the inability to recognise these forces. Transference of affect from the past to the present is connected to the following:

The 'Holding Environment'

This concept first elucidated by Winnicott (1965) was seen to be crucial in the development of an individual. He identified it as a constant, continuous, nurturing and bounded space with which an infant could identify. It was where the 'I' belonged; it was where the 'me' was contained; it was where a sense of attachment began. If an infant did not experience this, then it may well feel lost internally as well as getting lost in fact.

Such experience would in both Winnicott's and Menzies Lyth (1968) view, permit the establishment of integration and thus the foundation for an effective identity. Violent disruption to an individual's identity, they comment, will result in chaos and disintegration. Faulty 'holding' can produce distress and the feeling that external reality cannot be used for reassurance and the blocking of the capacity to feel real. Where the 'holding environment' has been 'goodenough' (i.e. 51% good), an individual capable of differentiation of the self and a contributing member of multiple holding environments is produced.

The Board of Beamish and Crawford Plc, as individuals, are members of multiple 'holding environments'. This research looked in particular at their organisational holding environment. It was suggested that if this bounded space was stable, constant and predictable, then the group might be capable of balanced decision - making which may favour all stakeholders.

If, however, their organisational holding environment was disturbed, by e.g. competitive pressures, falling sales, rationalisation, restructuring, loss of market share, and in turn this 'space' became unpredictable, unstable and inconstant, then decision-making might then be orientated towards more self interest. The Board may act 'as if' it were an individual focused on an attempt to survive an intense attack on its integrity.

The Group Culture

An additional dimension that the research has shown is that of the formation of a range of group cultures. From the literature review it was noted that the study of group processes in complex organisations could inform our quest. In particular, Diamond (1991) in Chapter 3 identified categories based on participant observation from organisational consultations and psychoanalytic object relations frameworks which were an attempt to relate various levels of group response to anxiety. They represent the predominant coping pattern as it tries to contain the feelings aroused within it by potential rejection and loss of affiliation.

A **Homogenised/ regressive** culture represented the most primitive flight from anxiety. Guntrip (1969) noted that there appears to be in such groups an unconscious, collective wish to withdraw from a hostile environment of bad relations. In addition, Bion (1959) identified the presence of several 'basic assumption' states that were the unconscious mechanisms that aided the task of dealing with group anxiety.

An **Institutionalised / regressive** culture is highly bureaucratic and ritualised. Anxiety in such groups is dealt with by means of adopting a 'flight' basic assumption that allows it to seek solace in an externalised defence system of impersonal structures.

An **Autocratic/regressive** culture is created by a group that resembles a primal horde (Freud, 1955). The group seems to demonstrate a dwindling of conscious, individual personality, the adoption of a 'dependency' basic assumption and the focusing of

thoughts and feelings on to its leader. Ambivalence towards the leader is common in a group such as this.

An **Intentional / progressive** culture is regarded by Diamond as the ‘sophisticated’ group. This is Bion’s basic assumption ‘work group’ which is distinguished by a mature, reflective process focused on collaboration and participation. These dynamic ‘cultures’ interacting with stable or unstable operating environments may comprise a strand of the ‘helix’ of decision-making that is more influential than previously thought.

The ‘Double Task’ Matrices

The following figures depict

- a) the findings of this study (**Fig. 9.1**)
- b) the conclusions of the literature review (**Fig. 9.2**) alongside Fig. 9.3 (Fig. 9.1 repeated)

Figure 9.1, encapsulating the findings of this research study, suggests links between Board group cultures and the operating or ‘holding’ environment. Where there is a regressive group culture combined with an unstable environment, *agency* type decision-making, it is suggested, is more likely to occur. Where a progressive group culture combines with a stable environment, *stewardship* type decision-making, it is suggested, is more likely to occur. Where a progressive group culture interacts with an unstable operating environment, it is hypothesised that this would produce a *self-contained* type

Figure 9.1
UNCONSCIOUS DECISION MAKING

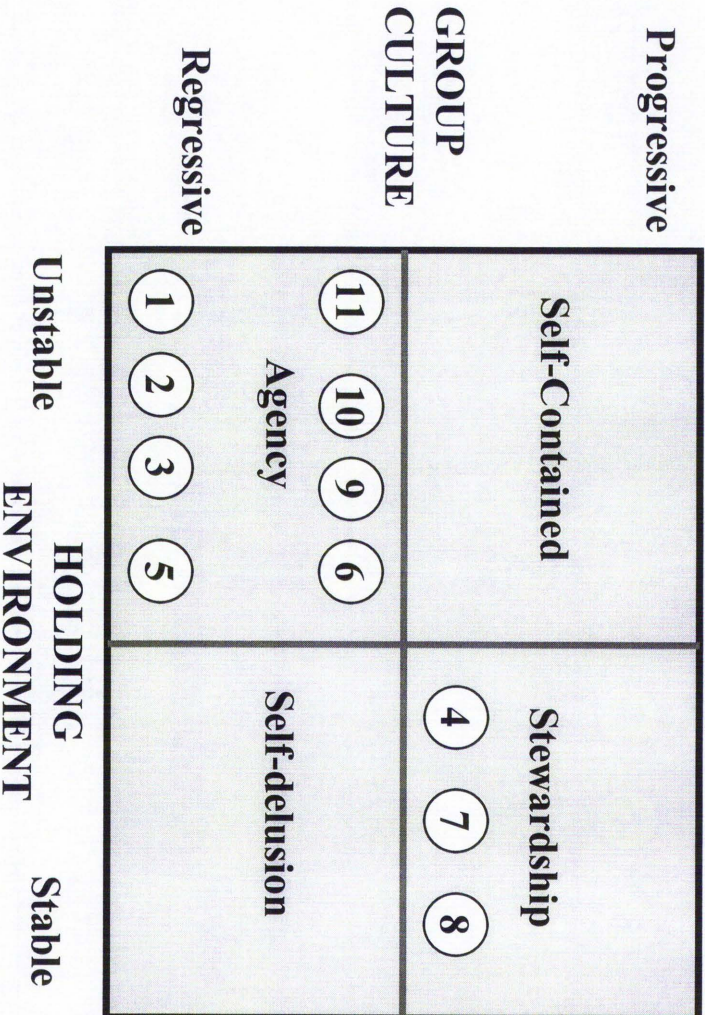


Figure 9.2
RATIONAL DECISION MAKING

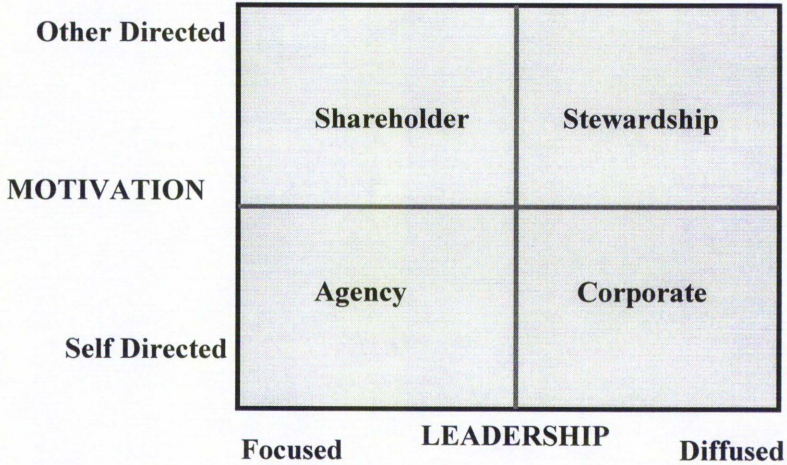
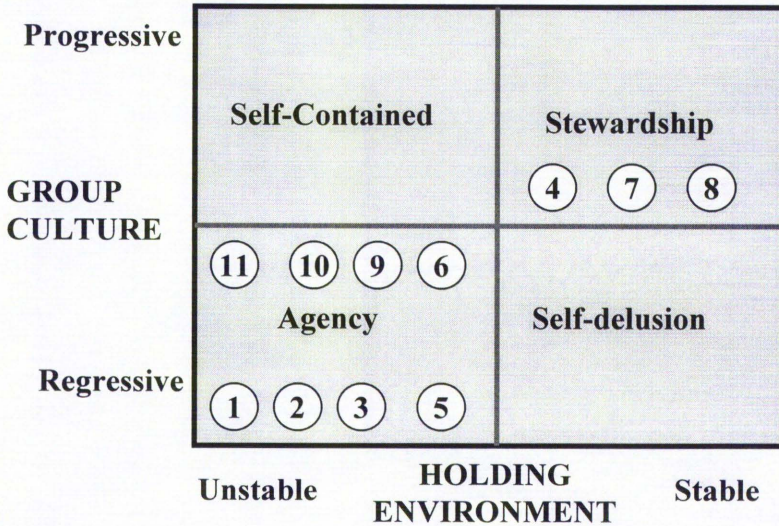


Figure 9.3
UNCONSCIOUS DECISION MAKING



decision-making mode. Such groups, according to Diamond (1991) are mature, balanced and insightful but when confronted with environmental unpredictability, are predisposed to batten down the hatches and retrench until more propitious circumstances arrive. In contrast, groups who are patently regressive in culture and who meet a stable operating environment, it is suggested, tend to hold fast to fantasies about their internal fragility, negating the supporting strength of a sound environment and display a high degree of *self delusion*.

Of the 11 scenarios analysed, it was discovered that 8 of them fell into the *Agency* type decision category and 3 into the *Stewardship* type decision category. These are noted on the matrix. The conclusions that one might draw from this distribution are as follows:

- At the *unconscious* level, and for the duration of the recorded data, this Board seemed to operate in regressive culture mode for almost 2/3 of the time. Displaying weak leadership and troublesome members, it very much resembled a dysfunctional family group whose capacity for productive work was undermined. Faced also with a high level of instability in its operating environment, damage appears to have been done to its self-confidence and integrity.
- Only on 3 occasions did the group manage to emerge as a balanced entity; mature, well led, other oriented and supported by a stable environment.
- It is suggested that the group may have become *unconsciously* 'stuck' in agency mode, unable to move itself more often to a mature footing, its fleeting attempts at stewardship type decision- making resembling the human spirit's drive to attain

health (Winnicot, 1965). This pattern may be partly explained by saying that when a child's 'holding environment' is disturbed and its authority figure (parent) becomes unreliable, we have a recipe for potential literal disintegration. What we may have witnessed in the Boardroom is self protective behaviour writ large.

Figure 9.2 attempts to capture the conclusions of the literature review, the focus of which is rational decision-making. It suggests that Boards in pursuit of a 'work objective' (Bridger, 1986) strive rationally to maximise gain by utilising certain forms of leadership and motivational focus.

If, for example, someone whose concern is for management only ('focused') leads a Board and wishes to maximise opportunity for them, then *agency* type decisions may well be common. On the other hand, if that same leadership discovers that gain may be achieved by orienting decisions in favour of owners, then *shareholder* type decisions may be more readily made. When the nature of the leadership changes to a mix of management / owner concern ('diffused') and this is combined with an appreciation of stakeholder needs, then, it is suggested, *stewardship* type decisions are more likely to occur. In contrast, when such a mix of leadership orientation occurs in the presence of self directed motivation, the decisions, it is also suggested, are more likely to reflect the needs of the corporate entity.

Tricker (1986) explains the above (Fig.9.2) as the rational maximisation of economic gain. Bridger (1986) would describe Fig. 9.2 as key to understanding the 'double task' of decision-making. If the work of any group, like a Board, is to thrive and be effective in

the long term, it may be that it needs to be conceived of as two tasks. There is the rational work objective and there is the group dynamic unconscious and both interact in ways that are particular to the group. It may be that such a clinical approach to understanding the nature of management decision-making could add a rich dimension to the extant literature and illuminate further the complex nature of this task.

9.6 Conclusion and Further Research

This research study in a management context bears out to some extent the findings of Bridger's (1986) clinical research. He discovered that in therapeutic groups, the leader had to control and manage what he described as 'the double task'. He explained this as resembling the construction of the double helix of DNA. The helix was the key to understanding the structure that enables genes to replicate themselves. Like the helix, which functioned with different strands at different levels but also simultaneously, these therapeutic groups functioned also at two different levels simultaneously. These levels were the *rational* and the *unconscious*. Bridger maintained that in order for any group to successfully complete a work objective, its leader needed to be in touch simultaneously at both levels. It is suggested that Boards of Directors may need to develop an understanding of how these levels interact.

Further, these findings may be of interest to Organisation Studies and Strategic Management theorists who might be involved in examining the role of the dynamic unconscious in decision-making

To help establish a greater generalisation of the findings, further research could be done in this area and the following suggestions could be bases for further study:

1. The data for this study was collected over two years. A longitudinal study of processual change (Pettigrew, 1992) at Board level especially in this cyclical industry could perhaps investigate the long-term strategic effect of managing 'the double task'.
2. A comparative study of European and US Boards might explore the potential cultural determinants of rational/unconscious decision-making.
3. Different types of Boards need to be studied. It would be useful to compare private and public sector top teams on issues of stability and group culture. Kets de Vries and Miller (1987) and Mitroff (1987) both have highlighted organisations as an amalgam of behavioural processes that give rise to a variety of 'cultures'. In addition, Jung's (1950) work on archetypes in trying to discover structural patterns that link the unconscious human mind with its overt manifestation in social arrangements is relevant to future research.
4. Research which focused on Board chairpersons' management of 'the double task' and investigation of decision-making outcomes would also be illuminating.
5. Videotaping Boards in action in similar research studies would give an added dimension to the analysis and would also give a fuller picture of the decision-making process.

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