

# Reflections

The SoL Journal  
on Knowledge, Learning, and Change



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**C. Sherry Immediato**

COLLECTIVE AWARENESS, INTENTION, AND ACTION REMAIN THE subject of practical and philosophical interest for most SoL members. Whether we are concerned with the governance of our countries or innovation in our companies, we want to know how we can change for the better, and to learn from the future as well as from the past. In this issue of *Reflections*, we're pleased to have a group of articles revolving around these key questions, from the perspective of the individual, society, and many points in between.

Charles Handy begins with his perspective on "The Future of the Corporation."

Starting with the premise that corporations should be designed in the future to meet societal needs and expectations, as well as those of shareholders, Handy treats us to an historical as well as futuristic view. He effectively argues that while there may be more democracy in the marketplace, there is little in the modern corporate castle. While many of us strive to create more participative systems within organizations, he encourages us to think more systemically. From this point of view, he makes a persuasive case for us to advocate for system change in which capitalism and democracy can mutually flourish by changing the context in which the corporation operates.

How might our current theories help? George Hall takes us "Inside the Theory of the U" in an interview with Peter Senge and Otto Scharmer. He asks the tough questions you've wondered about: Isn't it hardest to be present when we most need to be? Does the process require more self-awareness than most of us seem to possess? Does surrendering to what the situation calls for always seem like an epiphany or "ah ha" moment? Peter Senge and Otto Scharmer share their views on innovation, insight, and leadership and the role the U process can play.

Insight can also come from related disciplines. In our continuing partnership with *Les Cahiers de SoL France*, we are pleased to offer a translation of "A Conversation with Philippe Descola" by Thierry Grousson on distributed knowing. As an anthropologist, Descola has had the opportunity to observe societies with remarkable capacities for self-organizing. He comments on how the relationships and practices they develop are ones that can contribute to our own collective intelligence.

The interview with Descola is part of a larger initiative to surface the theories and experience of collective intelligence throughout the SoL community. In our Research Update, Manfred Mack summarizes an initial survey of SoL researchers and practitioners in "A 'SoL' Way of Seeing: Investigating Conditions Enabling and Inhibiting Collective Intelligence."

In our Emerging Knowledge Forum, Greg Jemsek proposes that the insights we're looking for require a humility and openness that some people know well. In "Vulnerability and Shifting Leadership Values: How Lived Disability Makes Con-text Inescapable," he uses his work with this challenged population to show us how we can create new possibilities by taking nothing for granted.

The final contribution to emerging knowledge is a reflection on a personal leadership journey offered by Alexandre de Carvalho – "Rewriting the Rules of the Game: Integrating Personal and Professional Aspirations in Practice." After years of playing by the rules of performance management, Carvalho takes feedback to heart about his demanding and disconnected methods. He describes what happens when he listens deeply to his employees and the communities he serves. The results exceed his professional expectations and cause him to redefine his work as a manager and leader.

This issue ends with a book excerpt from *The Real Wealth of Nations* by Riane Eisler. Returning to Handy's view of the necessity of system change, Eisler proposes in the opening chapter of her new book that we need a new economics. "Globalization and the shift to the post-industrial age is bringing great economic and social dislocation. This dislocation is a source of fear for many people. But it also offers an unprecedented opening for new and better ways of thinking and living. It offers us the opportunity to use our vision and ingenuity to help create the social and economic conditions that support our evolution as individuals, as a species, and as a planet." In her new framing, "caring economics" would value the work and value that occurs in our social exchanges in addition to those with obvious monetary value. A new economics is part of contextual change that would encourage the quality of thinking and action to which we aspire.

While the scope of change can seem daunting, SoL seems to be unique in living its aspirations to bring together those who discover, integrate and implement the theories, tools and methods so that we develop as individuals, organizations, and societies. Nothing less will do if we are to address the challenges we face and satisfy our hearts' desires.

With best wishes for reflection that stimulates action,



C. Sherry Immediato  
Managing Director, SoL

# The Future of the Corporation

Charles Handy



Charles Handy

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In November, 2007 the Tellus Institute co-hosted (with SoL) the Summit on the Future of the Corporation in Boston. The meeting was the culmination of an initiative begun in 2004, Corporation 20/20, which brought together a group of business and civic leaders to grapple with the question of the nature and purpose of the corporation, and how corporations should be designed in the future to meet societal needs and expectations. Charles Handy, an author (most recently of the autobiography *Myself and Other More Important Matters*) and philosopher focused on organizational behavior and management issues, opened the meeting with the following remarks.

**M**any years ago, our home was part of the old palace of King John, at Windsor Castle. It was from our courtyard that King John rode off one morning, very reluctantly, to put his stamp on the Magna Carta in 1415, which you might say was a first attempt at a stakeholder compact. He didn't like doing it at all. Bear that in mind: People don't willing give up away power.

I was running a study center on social ethics. We brought leaders of various institutions in society, including business, to come and meet for two or three days to debate the kinds of issues that were also debated in Boston's Fanueil Hall. I used to tell them, "Look at this old place. There's been a monarch sitting and living and working in this castle for 960 years. Love it or hate it, that's quite a longevity record, beating even the state corporation here." Then, late in the evening, I would bring them to the chapel of St. George, which lay across from my front door. It was built in the 16th Century, and at night, with its dimly lit ceiling and high vaults, it seemed steeped in history. Many of the kings of England are buried there. I'd walk them round in a suitably subdued mood and then stop by the tomb of one Charles I, whose head we chopped off. And I would say to them, "The reason the monarchy has lasted so long is that they managed to adapt the substance while keeping the form. They moved the balance of power in tune with the needs of society. This man here, Charles I, resented that. He believed it unwise to yield power to people he thought would use it badly, or at least not as well as he could. He lost his head for not adapting to the changing world." The participants went back to their beds quite quiet after that.

It's important to adapt as the power structures change in society, though you may keep the form, because that makes change slightly easier for others to tolerate. This summer I got an interesting lesson in how power shifts. I visited the cities of the new European countries, which were the old Communist world: Romania, Hungary, Czech Republic and so on. You can see history in front of you. There's the castle where the kings used to sit, and the cathedrals where the cardinals and bishops who were meant to keep them in control resided, but usually just colluded with them. Those castles are now museums. No kings reside there anymore. Cathedrals are more full of tourists than worshippers.

The Communist bunkers that sprouted after the Second World War, where the new rulers plied their wares, are now concert halls, assembly halls, and meeting places for their new,



struggling parliaments. Dominating all now, and something people are terribly proud of, are those glass towers, the homes of the corporate princes. Interesting paradoxes, those towers. They're all sheathed in glass, but you can't see into them. They are the proud symbols of the new democracies, but inside they are more centrally controlled than any of the regimes that they displaced. You will forgive any passer-by for thinking that these are very strange, anonymous places. Yes, they have names. More often than not they have a set of meaningless statistics lit up in neon on the top. "What on earth do they mean?" asks the average citizen. Apparently these corporations are governed by anonymous people, working on behalf of anonymous investors, many of them actually represented by more anonymous bodies living in more anonymous towers. You will forgive the citizen for thinking the power has somehow got out of control. You will forgive him for thinking that he can no longer actually understand or trust or believe in those people, those organizations that inhabit those towers. Yes, indeed, it may be true that they're more trusted than the media and the government, but that's starting from a pretty low base.

Those towers will, I suppose, soon disappear. The office that I once worked in at the Royal Dutch Shell Group is now the living room of a luxury apartment. Many of these corporations have vacated to campus-like environments which look like a university. They're even structured like universities. But they're still surrounded by barbed wires. You still can't get into them. They're still anonymous. Power has moved, as somebody said, from one bunch of apparatchiks to another. We don't know who they are either. And one has to worry about that. Because these people are actually now more responsible for your future than governments. I listened with interest to the manager of one of these enterprises in one of these countries being interviewed by the BBC. The interviewer said, "Your government has collapsed

again. This must be serious for you.” “Yes, indeed,” said the manager. “It is very serious. But it’s not important.” Governments don’t matter as much as the businesses.

Of course, it doesn’t feel like that to the well-meaning people inside these buildings. These are people of talent who are working more hours than they should, playing the game as they understand it, by the rules as they understand them. And the game is making all the money that they possibly can while obeying the law and the conventions of society. And giving that money, as much as they sensibly can, back to the people who invested in them and trusted them with their money. They mean well by that. You who work in these places mean very well. You are decent citizens.

I remember too vividly the very first day of my working life. I left university and went straight into Royal Dutch Shell, a great company, which was nearly 100 years old at that point. After a bit of briefing about the history of this great organization, expectations about its values and all the rest of it, I was posted to Singapore. On the first day the marketing manager sent for me and he said “I have an assignment for you. I want you to update the lubricating oil prices for all the oils to be sold in Southeast Asia.” I gulped a little. After all, I had qualified in Greek and Latin philosophy. I felt totally incompetent for this onerous task. But I discovered that it wasn’t too bad. I just had to go down to the accounts department and get from them a table of the direct and indirect costs allocated to each brand of lubricating oil, add those together, add on 18% profit margin, add that up and put that in the new prices. Not too difficult, even for an innumerate man like myself. But I went back to the marketing manager and I said “There’s something wrong here, sir.” And he said, “What’s that?” And I said “If you use this formula, what it means is that the higher our costs are, the more money we make. To put it very crudely, the more inefficient we are, sir, the richer we get. This must be immoral.” He looked at me and he said, “No, Handy. That’s business. You’ll learn.”

Now you will say that was an obviously imperfect marketplace. And indeed it was. There were only two companies and we had 70% of the market. So naturally enough our competitors were very happy to go along with our prices, whatever they were, because their unit costs were higher than ours. And indeed Shell was an honorable company and the marketing manager and his colleagues were honorable men. And as they said to me, we could have charged 30% profit margin, but we thought 18% was reasonable. And on balance it is. Reasonable men they were. And you will say “Well, that was long ago.” And indeed it is true that the market grew, and more small companies entered, and because they had nothing to lose they chipped away at the margins and the prices, and Shell became leaner and fitter as a result. But don’t kid me that it doesn’t go on. All big industries follow the market leader. They compete on service, on quality, and on efficiency, and they hope they’re more productive than their competitors. But it’s in nobody’s interest to have a price war.

Last week, for the first time in history, one oil company marked a liter of gasoline at one pound. One pound for one liter of gasoline. Nobody thought it would ever happen. By the end of the day all the oil companies were doing the same. Had they colluded? No, I’m sure they hadn’t. They had just followed the leader.

Similarly, you can’t tell me that the vast fees that the investment banks charge are necessary. Why shouldn’t another investment bank come in, a small minnow, and undercut them,

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## Principles for a New Corporate Design

The Tellus Institue has proposed the following six new principles for corporate design, based on input from more than 200 members of business, civil society, government, finance, labor, law, and the media. The principles are envisioned as the foundation for envisioning future forms of the corporation.

1. The purpose of the corporation is to harness private interests to serve the public interest.
2. Corporations shall accrue fair returns for shareholders, but not at the expense of the legitimate interests of other stakeholders.
3. Corporations shall operate sustainably, meeting the needs of the present generation without compromising the ability of future generations to meet their needs.
4. Corporations shall distribute their wealth equitably among those who contribute to wealth creation.
5. Corporations shall be governed in a manner that is participatory, transparent, ethical, and accountable.
6. Corporations shall not infringe on the right of natural persons to govern themselves, nor infringe on other universal human rights.

For information on the development and context of these principles, visit [www.corporation2020.org](http://www.corporation2020.org).

charge half of those fees? Because they wouldn't be credible. In the professional service business, which banks are in, there's almost a pride in being able to charge more than your competitor and still hold onto your clients. The market seems to work in reverse. It's winner-take-all in that kind of world. It applies to bankers. It applies to management consultants. It applies to lawyers. It applies to doctors. It applies to surgeons. It even applied to business speakers on platforms. I know, I've been there. The competition is to get higher, not lower. What a funny world we've got ourselves into. And it's all for the public good. I guess it depends which public you are.

How did we get there? Well, you know the history. Great ideas, with unintended consequences. The first great idea was the joint stock company. It started in the early years of the 1500s, soon after Christopher Columbus discovered this great country, which had minding its own business for 2000 years. But suddenly there it was, and the British decided that they could exploit it, plus the lands to the East. But in order to do that they needed to collect more capital than one person could have. They invited friends and associates to join, and soon we had the first joint stock companies in the early 1500s: the Muscovy Company to trade with Russia, the East India Company, and the Hudson Bay Company. But these companies were given a charter for a limited period for a specific purpose. The East India Company had to come back every 20 years to get its charter renewed by Parliament. So there was some control by government over the activities of these concerns.

Fast forward to the early years of the 19th Century, in 1800 and this bright idea of limited liability was conceived by the state. Eventually, in 1854 it became a legal possibility in Britain and then in America. The combination of joint stock companies and limited liability unleashed a fantastic flow of innovation, enterprise, money, and wealth creation. It was fantastic.

In between, however, came the Scottish moral philosopher Adam Smith. His great doctrine of the invisible hand seemed to say that self-interest in a good marketplace worked for public interest. Very few people read his great book. They just realized that Adam Smith had a fairly jaundiced view of human nature. In particular they never read his earlier book, *The Theory of Moral Sentiments*, in which he said that sympathy or concern for one's fellow

citizen was the glue that bound societies together. Self-interest, yes, but only with sympathy. They forgot that bit. Then came, of course, most recently the third great innovative idea, the executive stock option. That is the great contribution that your country has given to the world. Because this seemed to say that executives interests would be identical to the shareholders'. Therefore, what is good for me must be good for the corporation, must be good for the investors, and must be good for society. This was a fuse. This is working towards the bomb that I can see might actually blow up capitalism.

Capitalism and democracy are meant to be the heady mix that will create the perfect society. But they're uneasy things to put together. They curdle. They go sour, if you're not careful. At the moment, capitalism is winning over democracy. The people express their choices in the marketplace more than they do at the ballot box. But my long term worry is that democracy will triumph over capitalism. We'll be so fed up with the excesses and the apparent selfishness and the arrogant disregard of many of these people that democracy will entangle capitalism in its chains and its rules and its forfeits and its regulations and take the vivacity out of this enterprise that is so important to our futures.

So what do we do? How do we change the rules of the game? Because they desperately need to be changed. Those great ideas have had unintended consequences. Adam Smith would be appalled. The six principles that were presented [see sidebar] are a very good start for a new charter. I think we could take on the challenge that Tomorrow's Company presented in their report recently published in Britain on the global company, to invent a new definition of success for a business and find the appropriate measures to measure that success. But how do we do it? Some would say consumers and activist social groups will do it for us. Others will say concerned shareholders or blocks of shareholders will do it for us. Others say no, we have enlightened examples and they will shine throughout the world. All these things are true and all these things are good. But none of them in my view is enough. In the end, the rules of the game have to be set globally by governments. However, in democracies it is my experience that governments only move when they are pretty sure that they will be followed. In other words, the leadership for social change comes from outside government, from opinion formers, from leading examples, from people like you.

That is why we are here. We need all these pressures. We also need an articulate leader that the people wandering through those anonymous glass towers can hear, because otherwise they may not notice what we're saying. Adam Smith would be pleased that we might resurrect a part of his vision. And old moral philosopher that he was, he would ask me to remind you that there should be a moral purpose in life, for individuals and for companies. For without that moral purpose we are condemned to be chained to a meaningless treadmill for the rest of our days. And that is something that we don't deserve.

#### **ABOUT THE AUTHOR**

Charles Handy is a writer, lecturer and broadcaster, a self-styled social philosopher and the author of *The Hungry Spirit* and *The Empty Raincoat*. He is a writer and broadcaster whose books have sold over one million copies worldwide. In Britain, he is the popular presenter of the well-known BBC program *Thoughts of the Day*.

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# Inside the Theory of the U

## Interview with Peter Senge and Otto Scharmer

George Hall



Peter Senge

In *Presence* (SoL, 2004), Peter Senge, Otto Scharmer and their coauthors Joseph Jaworski and Betty Sue Flowers provided an intimate look at the development of a new theory about change and learning. The theory was further refined in Otto Scharmer's subsequent book *Theory U* (SoL, 2000). In both books, the authors seek to explain how profound collective change occurs. Ultimately, they tackle universal and persistent questions – What are we here for? How would the world change if we learned to access, individually and collectively, our deepest capacity to sense and shape the future? What do we really care about? How can we serve an emerging future that averts environmental degradation and species destruction – including our own? In this, the first half of an interview conducted by George Hall, Peter Senge and Otto Scharmer share their views on innovation, insight, and leadership.



Otto Scharmer



George Hall

**George Hall:** *Did the ability to innovate come naturally to Dr. Brian Arthur, the brilliant innovator in economics and complexity science you interviewed? Was this a difficult skill to cultivate or did it come naturally to him?*

**Otto Scharmer:** No. Acquiring a fresh outlook is often not an effortless process. Most stories told by those who lead efforts aimed at profound innovation follow a particular pattern: everything is initially “outside” and “fuzzy.” Then somewhere along the line a profound shift happens. When you deconstruct the innovators’ story, you get the inside story – the events as they were experienced. Interestingly enough, many stories begin when an idea shows up rather unexpectedly, like an uninvited houseguest. Surprised, the innovator is reluctant to consider the idea in depth, pushes it aside, and may even refuse it because he doesn’t want to do it. Undaunted, however, the idea refuses to go away and shows up again and again. When the innovator finally submits and discusses the idea with his or her colleagues, they may laugh at or ridicule it. If the innovator has the inner strength to persist in following the idea further, he or she may be isolated or excluded from their community.

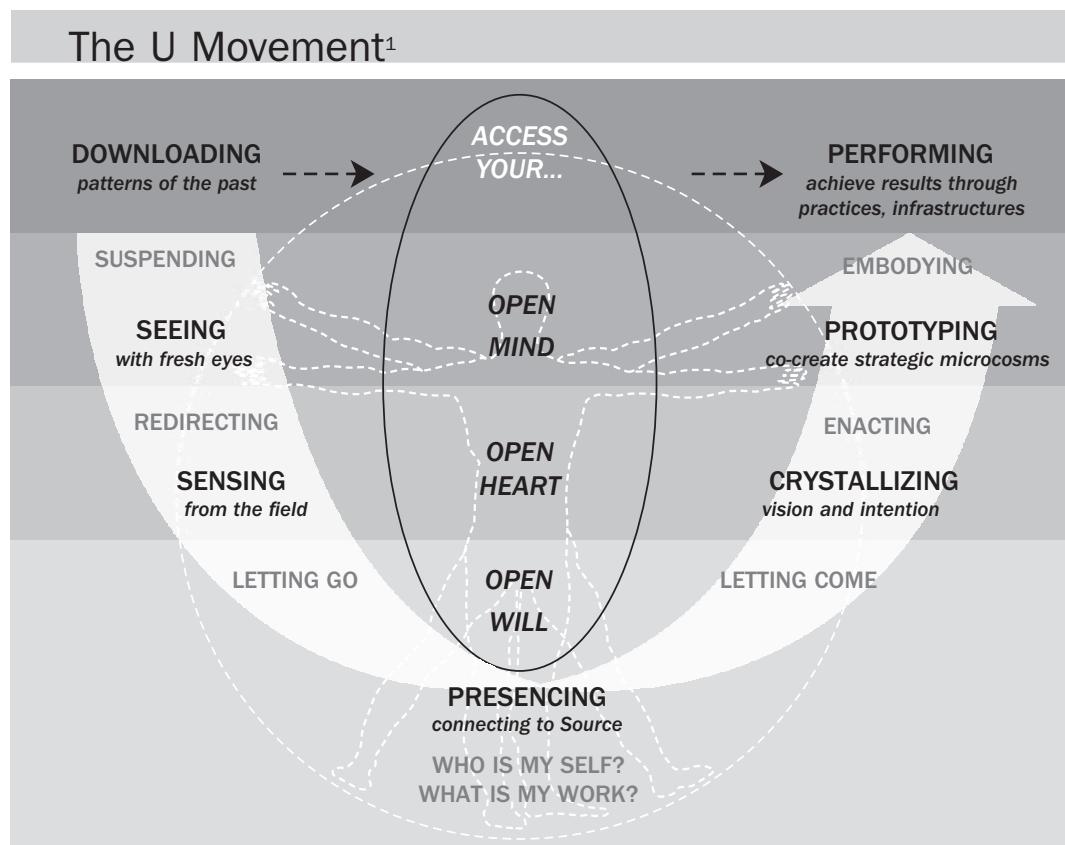
Whether innovators realize it or not, they are on a journey that may cause them to violate some of the key assumptions of their professional community. When that happens, the group may ostracize the innovator. Naturally, that feeling of exclusion hurts. I don’t know of a single example where the “fresh outlook” developed easily or without paying a certain price socially or otherwise. The process of innovation, then, is actually a journey that asks you to cross a threshold and leave behind a world that is known, comfortable, and familiar; where you are part of a given community. In your journey of discovery, you will move into something that is less known, more unfamiliar. It is a context that only comes into being when you take a daring step, which almost feels like stepping into nothingness. That is the insider’s story, the innovator’s story. I know of almost no exception.

**Peter Senge:** One thing I would add is that oftentimes there is a significant amount of hard work in preparation. Often you must put in a large amount of hard work before you ever reach the point Otto is describing. Brian Arthur was a traditional economist who immersed himself deeply in human development; first through Taoism, and then Buddhism. We described Brian's journey in detail in our book only to offer an illustration: there is no right way to go on a journey of this nature. There is no set path. But if you are on a journey of real development, make no mistake – it will be hard work.

**George Hall:** *How does the theory of the U react under stress? Can one still use a contemplative model like the U theory under pressure?*

**Otto Scharmer:** If the U theory (below) doesn't work under pressure, then it isn't very useful. That is when it matters most. Today everybody feels pressure, and that will only continue. Consequently, the question becomes, how can you cope with pressure in a way that allows you to deal with it from a different plane? How do you balance this increasing pressure from the outside with something you do on the inside? How can you cultivate or develop your capacity to deal with these situations more effectively? The principles and the process we describe in our book apply to and deal with this situation by answering the following questions:

- What can you do when you are faced with this sort of situation or pressure?
- What new rules can you follow to successfully navigate these obstacles?



To answer these questions, many academic textbooks on decision-making theory describe models that follow a certain general sequence of activities: 1) develop your options, 2) create a set of preferences, 3) compute the correct path, and 4) offer the most preferred option to the decision-maker. In contrast, the decision-making method we describe in our book is more applicable to real life and more reflective of the strategies actually used by successful innovators across the globe.

Leaders around the world are increasingly being confronted with complex, intractable problems. Such situations often have the following characteristics: 1) the solutions are not known, 2) the problems you are dealing with are going to evolve over time and are only partially known now, and 3) the key actors you need to deal with in order to be successful are not fully known. As such, leaders need a different kind of capacity that helps them deal with situations that are emerging. The traditional decision-making model, which assumes that you have all the knowledge about the alternatives and preferences, is no longer useful or valid. In fact, the standard, old-fashioned decision-making frameworks will fail to help you to be effective. We describe a process leaders can follow to successfully negotiate these challenges. Basically, if you go through the full U-process of opening up and honing your perception and your understanding of the situation, then what needs to be done will become evident. In the traditional sense, there is no decision making. What needs to be done will just emerge from the process. Your mandate, then, is to just go do it.

**Peter Senge:** More and more people are going to find themselves in situations that are too complex, that they just can't figure out. There is much too much going on and there is much too much that is uncertain and novel. In such circumstances, it often looks like the most anyone can do is to say, "Just take your chances and hope for the best." At that point, it all degenerates into randomness and educated guesswork. In contrast, we are saying that there really is an alternative: you can develop your capacity to sense and move with situations – even those that are not fully understood. In a sense, learning to operate in this uncertain environment is very much like learning the martial arts. You study and study. Training is very disciplined because when you get to a certain point when there is real stress, for example in real combat, you don't have time to figure anything out. But you also do not respond simply out of habit. You may have a whole repertoire of stylized behaviors, but you have honed an awareness that prepares you for the most stressful, demanding, and uncertain situations. When acting under stress in real life situations, you are not going to have time to go back and read a bunch of books, and even if you did, it wouldn't help you.

**George Hall:** So, the U-process helps you convert your background into an observing capacity, a unique awareness that allows you to react quickly and effectively under stress?

**Peter Senge:** Exactly. Learning how to develop that capacity is crucial for today's leaders.

**George Hall:** This theory reflects a learning model that revolves around actualizing new realities prior to their emerging. Do you intend this theory to replace existing learning models like that of David Kolb? Could the theory of the U help reshape management education? Influence public education?

**Peter Senge:** Yes and no. I don't think we can call our theory a new philosophy. What is truly new under the sun? Although it is different from the mainstream approach, I don't think

it is that different from what many gifted people do intuitively or spontaneously. What makes it appear new is that it contradicts our Western, rationalistic view of how things “ought” to happen and thus much of our formal education. Should it be part of management education? Yes. It is just a question of how innovative business schools are prepared to be. Most business schools, and most educational institutions, appeal to a mass market and are very conservative. Nonetheless, if you believe that the purpose of education is to prepare people for the future rather than the past, we need to do much more than teach people how to solve puzzles or problems that have been solved in the past and which now just differ plus or minus five percent. Today’s real problems are fundamentally different from the past. They are global. They cross institutional boundaries. They require diverse people to think and learn together. If this theory truly fits the needs of the reality we are living into, then people will find ways to integrate it upstream in the educational process.

**Otto Scharmer:** You could say that as an idea or concept, the U theory is not new at all. What is new is that this way of looking at reality is more relevant today in dealing with the large, macro societal and institutional leadership issues. What are the essential problems in the health sector, in the educational sector, in the energy sector and in the agricultural sector? What would it take to innovate in these sectors and deal with the issues we are now facing? After considering these burgeoning issues, we developed a curriculum centered on the core capability in our book – presencing. We created a comprehensive training program to build the capacity to innovate in each one of these spheres. The development of this ability is by its very nature trans-disciplinary. In the next phase, we could build a school or institute where this individual and collective capability would be researched, developed, and disseminated through capacity building and practical applications in business and society. Maybe it is time to create a global action research school founded on the principles and practices of presencing.

**George Hall:** *In your book you comment, “The state at the bottom of the U is presencing; seeing from the deepest source and becoming a vehicle for that source. When we suspend or redirect our attention, perception starts to arise from within the living process of the whole... perception moves forward to arise from the highest future possibility that connects self and whole.” Would you describe such movements as an epiphany?*

**Peter Senge:** Not necessarily. The phenomenon of presencing is diverse: it is experienced and described differently by different people in different communities. If, for example, you are wrestling with certain issues that are difficult and through a process of U-like reflection a breakthrough occurs, then it could be called an “epiphany.” An epiphany, however, is only one type of breakthrough possible with the theory of the U. In interviews, we spoke with many people who described their own breakthrough as something subtler than, and even preceded, an epiphany. While not necessarily the big breakthrough experience, they felt that at the next moment, everything could change. What we refer to in *Presence* is actually this deeper resonance that in some cases may not manifest in something as dramatic as what people would term an epiphany.

**George Hall:** *What is this elusive yet all-important “living process of the whole” that you refer to? The theory of the U implies a very optimistic worldview: there are positive*

*processes out there that can be tapped into if only you know how. By accessing these positive processes, you are actually tapping into something larger than yourself. Is this correct?*

**Otto Scharmer:** Yes, that is right. This is a central assumption of our model. But it describes a process that we have heard many people describe. The opposite might be when managers go through some sort of artificial “visioning exercise” that encourages them to make up whatever they want to see happening with no real sense of connection to the reality of their organization. In the processes we are describing, you are allowing yourself to be drawn or pulled in a certain direction. In so doing, you are entering into a dialogue with an emerging possibility, not imposing your will upon it. At some point in this process you may crystallize certain visions, but they are an expression of this dialogue with what is emerging. To the degree that you are courageous and go through certain steps that help this possibility come into being, then doors open up and a “helping hand” of sorts shows up. Resources that you didn’t even know existed or had no prior access to will be offered to you. In general, people were initially reluctant to tell us about these experiences. It took time before they built up the level of trust needed to reveal the “insider’s” version of the story. Time and time again our interviewees described how they felt as if they were on a track: they felt drawn in a certain direction.

**George Hall:** *I’ve experienced this sort of “helping hand” myself, but never considered it part of a universal process I could affect. I thought of it more as a happy coincidence. My impression is that most people don’t invest themselves in this type of thinking because they don’t see it as a process or even as a possibility.*

**Peter Senge:** That is right, and it is exactly the argument we make in detail in our book. In short, more people than we imagine actually have this experience. They don’t notice it as such because we don’t have a suitable language or a more refined way of paying attention to this subtle phenomenon.

**George Hall:** *In your book you comment, “The bottom of the U is where you discover who you really are as a servant or steward to what is needed in the world. This is the inner knowing that Brian Arthur is talking about, and then once you see what is needed of you, you act spontaneously.” Are most people capable of this degree of self-reflection or altruism? Is a leader someone who embraces his or her capacity to be a “servant” of what is needed?*

**Peter Senge:** Yes. This is one definition of leadership that I have always found very appealing. Leadership, however, can mean many different things to different people. We recognize that all leadership isn’t about position, but obviously some types of leadership are about how one operates when in a position of authority. To the extent that you see your purpose as being to serve the organization, or society, or whatever is considered the meaningful whole, then there really are two points of view: 1) my job is to figure out what the whole needs and then figure out a way to accomplish it, or 2) my job is to help this “whole” evolve: what is its highest possibility? What is its purpose? Are we all together? In the second case, to be a leader is to serve the evolution of the whole. Our view is not very different from what Robert Greenleaf describes in his seminal book, *Servant Leadership: A Journey into the Nature of Legitimate Power and Greatness*.

One of the questions we frequently asked people in our research was, “Who is the leader who serves the whole?” Serving the whole means not acting in a self-serving way – i.e. How can I impose my image of what is needed? Rather, it means cultivating a more genuine or authentic way of being. If I am a true member of a community, I naturally will try to act in service to the whole. I may not always succeed but it will be my natural inclination.

Is there an important link here between serving the whole and viewing organizations as living systems? Yes. What I am saying right now would make no sense out of that context – in other words, if we simply considered business as a machine for making money. If my view is that the organization exists to do what I want it to do or what the board of directors wants it to do or what the ‘owners’ want it to do, it is in effect a mechanical entity driven by a few in control. On the other hand, if the organization is a human community, if it is a living system, it makes all the sense in the world. How will I serve this living whole? I believe that you will find this orientation at the heart of those who are real leaders. Basically, they are doing their very best to serve the health and the evolution of the whole they feel some responsibility for.

**Otto Scharmer:** You asked, “Are most people capable of this degree of self-reflection and altruism?” Yes, I think so. I teach a class on corporate responsibility at the Sloan School of Management at MIT. Usually, MBA students and mid-career executives take the class. Initially, a few people are enthusiastic but most are skeptical, even cynical. They want to learn about corporate responsibility and sustainability but they don’t suspect that a practical model of innovation might underlie these issues. As the class progresses, we examine thought provoking examples, go to interesting organizations to meet remarkable people, and practice prototyping new ideas. In the process, students learn to appreciate how much true leadership is connected to taking responsibility and shaping the larger social and ecological whole. Further, they realize how much innovation in an institutional setting has to do with accessing this deeper and more personal source of knowing. Finally, they discover an ethical dimension within themselves that guides their creativity. What amazes me when watching them going through this process, is that you don’t have to impose a set of ethical norms or principles to trigger these insights. All you need to do is provide people with a methodology and a context that helps them to uncover what is already there. This is an amazing process to witness. Many students have said that as a result of this U-like academic experience, they believe they will not only be more effective business leaders, but also more effective parents, and social or community leaders. This mode of operating can truly change all aspects of their life.

#### ABOUT THE AUTHOR

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#### END NOTES

1 Figure from Otto Scharmer, *Theory U: Leading from the Emerging Future*, SoL, 2007.

# Distributed Knowing

## A Conversation with Philippe Descola

Thierry Groussin



Philippe Descola

Philippe Descola, a graduate of l'Ecole Normale Supérieure, is an anthropologist and professor at Collège de France. His doctoral thesis, supervised by Claude Levi-Strauss, announced the beginnings of a new research field: comparative anthropology in the socialization of nature. His field research led him to study the Jivaro tribe in the Amazon basin. Philippe Descola's work was discussed at the SoL Forum on Collective Intelligence held on May 11, 2007 in Paris, having been cited by Andreu Solé, a participant in the panel of researchers. *Les Cahiers de SoL*, SoL France's version of *Reflections*, interviewed Philippe Descola for its December 2007 issue, which was devoted entirely to the subject of collective intelligence. A large portion of the original interview is reproduced here.



Thierry Groussin

**Thierry Groussin:** As an anthropologist you have been able to observe societies that are very different from ours. Does the term “collective intelligence” have any meaning for you?

**Philippe Descola:** It does indeed. It is a commonly accepted notion in a field called “distributed cognition,” a research domain led mainly by anthropologists who are interested in what you call “collective intelligence.” It is another way of naming distributed cognition. I am thinking of a book by Edwin Hutchins considered a reference regarding this subject: *Cognition in the Wild*. It is a very interesting work because it studies distributed knowledge – not necessarily re-organized by procedures – and distributed not only in people but also in objects, artifacts. The action takes place on an American Navy training vessel. It shows that anthropologists can be interested in many different subjects, and not only in what happens among primitive people. Collective intelligence is of course absolutely essential on a warship.

**Thierry Groussin:** And what about the societies like the ones you describe in your book *Les Lances du Crénuscle* [The Lance’s Twilight]?

**Philippe Descola:** My experience, and what concerns me in this domain of distributed cognition, has to do with a society in which there is no technical division of work, a society living in higher Amazonia – the Achuars – where the only division of tasks is related to sex. Generally speaking, women work in gardens. They plant, they cultivate, they “manipulate” plants. These are highly complex gardens, with a large numbers of species. The work requires a highly developed knowledge of ecology, agronomy, and botany, knowledge that small girls acquire during their childhood while accompanying their mothers. The men, on the other hand, are “manipulators” of “wild species” – not just wild plants, but also animals. They fish and hunt. They have a different knowledge of ecology from that of their wives. They are also

the ones who build houses, and who craft objects used in daily living: canoes, dams for fishing, tools, and blowpipes.

What really struck me was that certain collective tasks which require or would seem to require a “central coordination” were accomplished without central coordination.

**Thierry Groussin:** *In other words, there was no “supervisor”?*

**Philippe Descola:** Correct. There is no one who says: you do this, you do that, etc. Two significant examples of this involve the building of complex objects: houses and dams. In the case of houses, we are speaking of family dwellings, but since the Achuars are polygamous and since “family” has a wide meaning – widows and orphans are included – a family can represent thirty or forty persons. A house can therefore be thirty meters long, ten meters wide and fifteen high.

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To build a house of this kind obviously requires quite a bit of manpower, and so one needs to organize “invitations.” The dwellings are widely spread out and so the “master of the house” – the one who wants to build or rebuild his house – has to go around to visit all of his neighbours, which sometimes requires several hours of travel by foot. He invites all of them, saying: “On such and such a day we will work on my house.” The whole thing is quite festive. When everyone arrives on the building site, manioc beer is served, a beverage of light alcoholic content, and people talk. The atmosphere is quite relaxed. The master of the house does not say anything more; someone else among those invited says: “Now, let’s start the work.” It is not the master of the house who says: “Let’s go to work, guys!” It is someone else.

What one needs to know is that building such a house represents several weeks of work and is done in several steps. People go to the forest to bring in the trunks, they cut and strip the trees, and the poles are sunk into the ground after having measured the right surface distances with measuring sticks. Then the whole house frame is built. Then palm leaves are brought in to cover the roof. This represents a series of operations that require cooperation. In fact, according to the degree of progress in building the house, as soon as one of the participants says “Now, let’s start the work,” they will, one after the other, choose a task and each one will “adjust” what he does, taking into account what the others have started to do.

**Thierry Groussin:** *Is there some kind of order which justifies these choices? Who decides first?*

**Philippe Descola:** Nobody, in fact. It happens in a completely spontaneous way.

**Thierry Groussin:** *There is no codified rule such as the more senior first?*

**Philippe Descola:** Absolutely none. Of course, one can understand that there is a certain natural way of distributing the work, for example, when it comes to fixing wood strips on the roof, the more agile are likely to take on the task – even if all men are very athletic and anyone is quite capable of climbing onto the roof. Some will pick up the wood strips from the ground, others will shred climbing plants to produce strands for tying the wood strips and pass them up to the young ones on the roof. You can see the work distributing itself progressively between the participants.

**Thierry Groussin:** *Does this mean that everyone masters all of the tasks that need to be accomplished?*

**Philippe Descola:** That is where I was going. The key is being multi-skilled. All the men are capable of doing any one of the tasks. It would be possible to describe the complete range of technical operations to be mastered in order to “be a man” in this society, that is to fulfill the masculine tasks. And such multi-skill capability is absolutely necessary: as I explained, this is a society of dispersed dwellings, sometimes very dispersed; some of the houses are very isolated, at more than a day’s travel by foot from the nearest neighbor. Consequently, a man can only rely upon himself.

One thing that is very striking is that the multi-skill characteristic has probably contributed to what has often been considered, by 19th century observers and others, as a “lack of

foresight of primitive people.” In fact, it is not necessary to do things ahead of time since everyone is able to do all of these things rapidly!

For example, when we went harpoon fishing, there were no “permanent” harpoons. Several times I saw men crafting a harpoon in ten minutes. When you think of it, a harpoon is quite a complicated object. It requires first a long and straight pole; and a string which is braided on the spot; a barbed tip which is fixed at one end of the pole. The tip will be crafted, right then, using a nail split with a machete. So, in a few minutes, because one has decided to go fishing that day, a harpoon is produced.

I believe each man in this society has, in terms of categories of activity, maybe about a hundred skills of this kind and can therefore be substituted for any other man.

**Thierry Groussin:** *Can you give another example?*

**Philippe Descola:** I saw exactly the same thing with respect to building dams for fishing. These are not dams to retain water but rather to keep fish from passing through. This is a major undertaking and it requires important elements of coordination. Rivers are often fifteen to twenty meters wide with a strong current. Some of the men wade into the water, others bring in tree trunks in order to build trestles, others fetch thinner poles, and so on. I never heard a single instruction being given.

I believe we have lost the habit of this kind of situation where, by observing what our neighbours are doing, we adjust, so to speak, our actions to what they are doing, so as to work in a co-ordinated and harmonious manner, without the intervention of a work master. I am even convinced that one of the great technical revolutions in the history of humanity was the moment when one accepted that a work master could come and tell people, who are multi-skilled, what they should do in an operation that requires co-operation. And that is probably how specialization was implemented.

**Thierry Groussin:** *Nevertheless, given the fact that management thinking is increasingly interested in new forms of organization, including self-organization, network functioning, etc., can one imagine that we have something to learn from these earlier people?*

**Philippe Descola:** I believe that self-organization – *autopoïesis* – works if people are highly attentive to what others are doing. You need work situations of a particular type where several persons gather around a given task. You see this, for example, in a biology or physics laboratory, where people are doing experimentation work. Very few words are exchanged. You would probably see the same thing – here I have less experience – on a building site, where a foreman tells people how to do things initially, but then workers mutually adjust according to the circumstances. For more complex tasks, I am not sure. When people are isolated in their offices, it is not the same, even if they are connected via the internet.

#### ABOUT THE AUTHOR

**Thierry Groussin** is group head of executive development at Credit Mutuel, a major French bank. Co-founder and President of the “Co-evolution Project,” he also is member of several Boards, including SoL France and “Futuribles.” Thierry is an active contributor of the *Cahiers de SoL* editorial team.  
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# A “SoL” Way of Seeing Investigating Conditions Enabling and Inhibiting Collective Intelligence

**RESEARCH  
UPDATE**

Manfred Mack



**Manfred Mack**

In 2007, members of SoL France undertook a survey of members in order to determine their familiarity with the idea of “collective intelligence.” The results of the survey were shared with participants at an international workshop on the subject in Paris, which was attended by more than 200 people. The survey questions, and a summary of answers, reveal some interesting dichotomies among members about the idea of collective intelligence, and how it can help members grappling with questions of personal, organizational, and societal change.

**P**articipants in the survey were asked four questions. Responses to the survey came in from 27 contributors, based in 11 different countries. Nine came from the U.S., 14 from Europe, and 4 from Asia and Oceania. The questions were as follows:

- If you were to give an example of collective intelligence, taken from your personal experience and that you find particularly significant, what would it be?
- For what reasons do you believe this example to be truly significant?
- What do you believe to be the major challenges which call for favouring the emergence of collective intelligence?
- With respect to these challenges, what appear to be the major obstacles preventing the emergence of collective intelligence?

Some of the highlights include:

- The notion of collective intelligence is still open to multiple interpretations. Several respondents feel comfortable with the term. Others don’t think it is appropriate.
- Whatever the term used for it, (collective intelligence, collective consciousness, collective reflection, etc...), the phenomenon or process, or capability itself is “in the making” and it is considered a key development with respect to our society’s ability to deal with the major challenges that it faces.
- There are a surprising number of elements on which respondents converge. In some cases almost the same words or expressions were used by contributors even though they came from completely different parts of the world.
- Among the most strikingly convergent ideas is the notion that, for common or collective intelligence to emerge, individuals need to accept going “deep into themselves,” accept entering into a quality of relationship based on trust of the other and accept that participating in such a collective process can involve personal transformation.

- We have the impression that whatever is taking place within and around SoL in connection with this subject represents a work-in-process of great importance. It is therefore appropriate and encouraging to see that multiple other initiatives (practice sharing, research, writing) are being taken around the world.

1. Respondents gave a large variety of lived experiences as examples of collective intelligence:

- Retreats to reflect deeply on a given subject
- Work by a group during periods of variable lengths to prepare an important event
- Teams collaborating to solve a difficult problem
- Dialogue (or co-creation) processes to give expression to a shared vision
- Young participants sharing of a learning experience
- Workings of semi-permanent entities: ONG, mutual help network

2. The responses reflect an extremely open interpretation of what constitutes collective intelligence:

- A manner of working as a group
- A particular form of exchange, of dialogue, of reflecting together
- A process which brings the participants together according to different modes of relationships (these take the form of a social field)
- An emergent phenomenon, the global property being of another order than the addition of individual intelligences
- A new capability which can and should be developed

3. The nature of collective intelligence, considered as a process, differs according to the type of relationships between participants:

- A first type of collective intelligence is that of self-organized teams in which members have established a high quality form of collaboration.

“No one person was in charge. The accountability... was truly shared by the larger team. They learned together.... The end result was much better than had this been managed in a top down way.”

“13 people with very different professional and cultural backgrounds together solved a very difficult task in friendship which each person individually could not have done.”

4. Other forms of collective intelligence are related to changes in behavior or in the way of being of the participants:

- A first type of change concerns the quality of listening and the manner of listening

“(We need) to learn how to really listen to each other to find the underlying common understanding of a situation.”

“When we practice empathic listening, our perception shifts to the place from which the other person is speaking.”

“(In these conversations) we could hear the field emerge.”

- Another type of change gives rise to a shift, a move toward a new collective state

“What enabled us to succeed was the almost physical depth of our distress... we had to reach a commitment of each of us to clear it away.”

“We cleared the decks of all emotions or as much of the emotional victim stuff that we were capable of doing.”

“A remark, which was meant to be a joke, became the releasing factor... a collective mobilization took place as a result of a real commitment.”

- Changes of perspective or in structure of attention can also occur:

“Collective sensing allows one to look from the larger whole.”

“The outcome is not another smart thought but a collective sense-making.”

“You have to ask the question how do we do what we do? (the system sees itself and reflects upon itself).”

- Lastly, the participants and the group can experience mutual transformation:

“The almost meditative state of the discussion leads to powerful feelings.”

“There is something that is emergent from the collective consciousness that significantly amplifies the experience and the insights that can occur.”

“You have to trust the process.”

“Certain qualities of the field are such that, having lived the experience, you are no longer the same person.”

## 5. The challenges indicated for which, it is hoped, collective intelligence could bring solutions, are by and large the major evils that our world faces today:

- Threats to the biosphere, warming of the planet's climate
- Other challenges related to the survival of humanity under acceptable conditions (poverty, hunger in the world ...)
- Increased complexity in multiple domains (globalization, technologies, organizations)
- Decreasing quality of social links and in the way we lead our lives
- And, in general, the fact that solutions surpass the capabilities of mere individuals and of a hierarchical form of management (“what could we create?")

6. Moving forward will require having in mind the obstacles that could prevent the emergence of collective intelligence:

- Defending private interests, the need to be right, to win, individual selfishness
- The lack of capacity to listen, lack of trust, lack of collaboration
- Being afraid (of the future, of the unknown, of losing one's possessions)
- Lack of occasions to develop personal mastery and group capabilities
- Highly linear, rational, ways of thinking; not knowing how (not daring) to speak from the heart

7. Going forward implies exploring, experimenting, trial and error...

- Some leaders are showing the way:

“I believe that personal and group selfishness must be explicitly...separated out before enough “innocence...will allow the power of collective intelligence to emerge.”

“The answer emerges through honest conversation that is connecting to some unseen and barely perceived truth.”

“It is the act of taking ownership of the challenges that releases collective intelligence.”

“It was almost as if we used our connection as a process (for decision making).”

8. The contributions that the sciences can bring are necessary to guide and accelerate the development of this emerging capability:

- What are the learnings that could be drawn from having a better understanding of the way the brain functions?
- What are the possible transpositions?
- What can one learn from forms of collective intelligence that can be observed in nature, in other cultures, in society?
- What tools can provide leverage or act as accelerators?

#### ABOUT THE AUTHOR

**Manfred Mack** is a Swiss-American residing in Paris. He holds an MBA from Columbia University. A strategy and organizational consultant, he has authored three books on evolving leadership and value development capabilities. A founding member of SoL France, he is responsible for the editorial team of “Les Cahiers de SoL France.”

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# Vulnerability and Shifting Leadership Values

## How Lived Disability Makes Context Inescapable

Greg Jemsek



**Greg Jemsek**

In this article, Greg Jemsek argues that the leadership needed to address the complex problems confronting all sectors of society – business, community, and government – requires a fuller understanding of vulnerability in determining the actions taken in relation to these problems. Because confronting personal vulnerability is a daily reality for people living with a disability, many people within this sector are generating ideas that have the potential to transform the way leadership in the broader society is exercised. These ideas emphasize the relationship between the activity of leadership and those impacted by it, incorporating an understanding of vulnerability in ways which highlight rather than diminish the overall context of the situation being addressed. In so doing, leadership activity can move from models based more on “heroic” style individual initiative to more relationally-based, inclusive and collaborative inquiries and action that strive to avoid “de-contextualization.” In preparing the article, the author interviewed over 85 participants and graduates of Leadership Plus, a program based in Victoria, New South Wales, for people with disabilities.

Leadership theory is in the midst of a significant shift in focus away from heroic models that have dominated leadership discourse, particularly in business, for a significant period of time. Heroic models advocate individual traits such as charisma, vision, strategic thinking, and negotiation skills as foundational to the practice of leadership. Usually, these traits are associated with positional leaders such as CEOs or senior executives, reinforcing a notion of equivalency between leadership and organizational position.

Without discounting the value of these skills, the shift away from them has occurred in concert with an increasing awareness of a number of factors which impact on leadership but which cannot be resolved by individual, heroic traits in isolation. These factors include problem complexity and whole systems awareness. Ronald Heifetz and Margaret Wheatley are two leadership theorists who have

acknowledged these factors in their writings. In stressing that leadership work needs to be *adaptive*, Heifetz defines this as the “...ability to clarify values and make progress on the problems those values define.”<sup>1</sup> He goes on to say that

“By its’ nature, adaptive work does not often fall within the purview of established organizational and social structures. Pieces of the puzzle – information about the problem – lie scattered in the hands of stakeholders across divisions, interest groups, organizations, and communities.”<sup>2</sup>

Wheatley borrows the notion of “strange attractors” from chaos theory to point out that while a system may not behave exactly the same way twice, it demonstrates an inherent orderliness if it is viewed over time. Leadership needs to identify and understand such attractors and their relationship to the system before acting if it is to be effective.<sup>3</sup>

This shift away from heroic models is significant because it highlights two dimensions of leadership which are frequently ignored:

- 1) the context in which leadership takes place, and
- 2) the underlying values which drive the activity of leadership.

In this respect, this takes the discussion about leadership back to earlier concerns posited by scholars such as James MacGregor Burns. Burns emphasized that any meaningful discussion of leadership must incorporate the values and motivations of both leaders and followers:

“Leadership (is) leaders including followers to act for certain goals that represent the values and the motivations – the wants and needs, the aspirations and expectations - of both leaders and followers. The genius of leadership lies in the manner in which leaders see and act on their own and their followers’ values and motivations.”<sup>4</sup>

Examining the values of everyone seeking to address a complex problem, regardless of whether they are in

a position of “leadership” or “followership,” is a fundamental way the context of leadership remains foreground in any discussion of leadership effectiveness. It can be argued that the current demand for better leadership in all sectors – government, private enterprise, and community – is largely generated by the fact that the surrounding context has been forgotten or deliberately ignored by individuals in positions of leadership. Those who have done so consider themselves unaccountable to followers in ways which Burns, Heifetz and Wheatley would all challenge.

Values underpin all leadership activity. This does not guarantee, however, that leadership activity reflects the values of the wider context in which that activity occurs.

“Context” envelops all activity, including all leadership activity. If the context is seen as “doing what is best for shareholders” then leadership is seen as any activity which increases shareholder value. If the context is seen as all the citizens with HIV in a country, then leadership activity is anything that reduces the number of such people. In both instances, values underpin how the context is viewed. The first



context is predicated on the value placed on economic growth and individual prosperity. The second context concerns itself with the value of keeping public health strong and the measures necessary to do that.

In these examples, the context is narrowed to specific groups with specific interests. Not everyone places a value on economic prosperity. Not everyone places a value on assisting people with HIV either, particularly if doing so is seen as running contrary to another value placed in higher regard, such as economic prosperity. How willing a person is to sacrifice some of their economic prosperity to better public health is thus a matter of ascertaining which values hold greater significance in the minds of people who make decisions about issues or are affected by them. In other words, context is *always* connected to the affairs of people, hence it is important to surface the underlying values of anything that calls itself leadership to see how broadly or narrowly the context is being considered. What happens when the perception of context is narrowed to such a degree that sectors of the population become “decontextualized,” i.e. are not considered as part of the context? What values *narrow* focus in this way, and what values *broaden* focus in ways that inspire awareness of and interaction with a larger context?

## **Disabilities and Leadership**

One group in society that has been severely decontextualized are people with a disability – whether that disability be physically or psychologically based. What do members of this group have to offer to the practice of leadership in contemporary society? Are there ways of leading that are emerging from this sector, despite the diversity of people who fit this description? If so, what are the values that underpin this, and what mainstream values would be challenged by a society that embraced rather than shunned those of its’ members who have a disability?

The values associated with heroic models of leadership are too narrow to effectively address the increasingly complex problems society is facing.

Problems such as climate change, terrorism, and a widening social divide require leadership which broadens awareness of the overall context, increases capacity to collaborate *across* interest groups, develops tolerance for not having answers immediately, and sustains an awareness of interdependence. Navigating successfully through problems such as these is aided by basing leadership activity on values inclusive of all segments of society. One step that can facilitate this process is to gain a better comprehension of some key values guiding people frequently on the outskirts of discussions about leadership, such as people with a disability.

Having a disability can impact the values a person emphasizes in her life, how she looks at mainstream values which may decontextualize her experience, and the implications of both these factors for leadership in the larger society. In particular, attention is paid to the values that become central to a person when she learns to deal successfully with *vulnerability* on a daily basis. Vulnerability is examined in the belief that those who are able to come to terms with it orient to the surrounding context in ways that can significantly contribute to the way leadership is exercised in the broader society.

## **Coming to Terms with Vulnerability**

In February, 2007, I was conducting a workshop for the incoming participants of the Leadership Plus program, a Melbourne based leadership program for people with a disability. I hadn’t had the opportunity to meet each of the participants individually, but I knew their disabilities covered a wide range: ABI,<sup>5</sup> Parkinson’s, Autism, Blindness, and Quadriplegia, to name just a few. The workshop was at a point where the participants had been asked to address how their particular disability affected their leadership. At one point the discussion turned to how easy it was to be a victim of one’s disability. The discussion on this had just gotten started when the emphatic voice of one of the participants resounded through the room: “Being a victim about your disability is a one-way road to defeat and despair. It serves no useful

purpose for you, your family, the community, or whatever leadership you are attempting to demonstrate.” The speaker went on to detail his struggle in facing disability without becoming a victim of it. How could he not only not feel victimized, but be speaking so clearly about the obstacles it posed to leadership?

Usually when leadership is discussed, it is equated with the notion of strength, but such discussions rarely include the notion of the type of strength that comes from vulnerability. Usually vulnerability is viewed as a weakness. Leaders are advised to be “tough negotiators,” for instance – meaning they should not show vulnerability if they wish to forward the needs of their organization or cause. “Strategic leaders” must be willing to enact painful measures, such as making staff redundant for cost-saving purposes, and are advised not to show vulnerability in that process. Appearance of weakness is generally considered a no-go zone for anyone with leadership aspirations. Adopting such an attitude produces strength that is willful, at times overpowering, and very task oriented. This approach works well in most work situations – particularly competitive ones our society so highly values – but it can be limiting. Dismissing the value of vulnerability can restrict a leader’s ability to grasp the broader context of the situation she is facing.

For people with a disability *who have come to terms with vulnerability* deal constructively with vulnerability as a conscious aspect of daily life. They may be late for a crucial job interview because the taxi driver refused to take a person in a wheelchair. Slurred speech resulting from a brain injury may be misinterpreted and ridiculed as “drunkenness.” Asked to represent the disability community on a local city council, the person may run out of steam at a crucial point in a meeting because Multiple Sclerosis suddenly saps his energy and muddies his

thinking. There are plenty of ways vulnerability affects people with a disability on a daily basis.

If a person with a disability has come to terms with vulnerability, it’s likely she has dealt with at least two primary challenges. The first of these is the daily living challenge of the disability itself. How much pain will have to be endured to make it through the day? Will the energy needed to do the tasks that have to be done be available? Being strong in the face of questions such as these requires an internal toughness that acknowledges limitation without being frustrated by it, is capable of adapting to ever-changing circumstances fluidly, and has a secure sense of identity that is inclusive of his or her disability but not dominated by it.



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The second challenge is stigmatization. When I talked with David Craig, Executive Officer for Action for Community Living, he put the challenge this way:

“How people deal with the stigma placed upon them from being disabled is crucial to that person’s ability to ‘re-story’ their life.”

Stigma is far more pervasive than the outright rejection and ridicule people with a disability experience to a greater or lesser degree in their lives, depending on the nature of their disability and the environments in which they live and function. It includes things many people without a disability never consider: being patronized by well-intended people, being overlooked for jobs despite having equivalent or superior skills, having assumptions made about needs and/or capabilities instead of being directly asked what would work and about the contributions they could make.

## **Creating a New Story**

Coming to terms with the stigmatizing aspect of vulnerability requires the same toughness, adaptability and secure identity mentioned earlier. One of the first steps towards achieving this is finding the courage not to see one’s disability solely as a deficit. This is immensely challenging because of the difficult emotion challenge that comes from being decontextualized by others and, as happens all too frequently, internalizing those beliefs. Many people with a disability fight against this process initially by simply denying the reality of their disability. A person who is disabled is much bigger than her disability itself. Recognizing this without denying the impact of the disability in daily life and in the minds of others is a first step towards what Craig refers to as “re-storying” one’s life. It requires, in part, that the person with the disability broaden the context in which she views her life. If successful, this will serve to shift her values in a direction that matches this broader context.

The path to re-storying one’s self is a path of self-transformation. It begins with a brutal self-honesty

and proceeds from there, hopefully not in isolation but ultimately depending on the courage of the person undertaking the journey. No one, with a disability or without one, can transform herself without courage.

The value placed on self-transformation is not the only one that is prominent when a person comes to terms with vulnerability. Equally important is the value of interdependence. People with a disability who have come to terms with their vulnerability are usually acutely aware of their interdependence with those around them. And knowledge of that interdependence brings forward traits such as humility. Carlene Boucher, Associate Professor in the School of Management at Royal Melbourne Institute of Technology (RMIT), spoke about humility in our conversation together. She mentioned that becoming “full of herself” is never an option. Irrespective of any respect she gets from colleagues and friends for the work she does at RMIT in downtown Melbourne, she knows that once she goes out the door to catch a cab or navigate a building without proper wheelchair access she is likely to be brought down to earth in an instant. It’s true, of course, that humbling incidents punctuate the lives of people without disabilities as well – but it is difficult to argue that the frequency with which these incidents occur to people with a disability is much greater, and more likely to bring forward an awareness of interdependence.

Awareness of interdependence includes not losing sight of the broader, surrounding context. As such, it gives a person with a disability the opportunity to contextualize his life repeatedly, in ways people without a disability often find elusive. This can lead to a much greater awareness of how a larger system is operating, or to the complexities inherent in a particular situation.

This is a double-edged sword, however. Being consistently aware of a broader context also means being consistently aware of how others do not see you as being part of the narrowed context in which they may be functioning. Addressing that challenge is foundational to the re-storying process, and to a person coming to terms with his vulnerability.



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This is why efforts to employ people with a disability, such as those being made by Mark Bagshaw and the Ability Australia Foundation,<sup>6</sup> include acknowledgement of this challenge in concert with pragmatic efforts to improve access and get people into work. Ability Australia's "Whole of Life" model emphasizes three areas: 1) Insufficient infrastructure, 2) Low expectations placed upon people with a disability by the community, and 3) The disempowerment experienced by people with a disability. All of these factors emphasize how the decontextualization of people with a disability – both by others and sometimes by the person himself – has been embedded in mainstream institutional structures. Ability Australia and similar organizations offer pragmatic ways to counter this. Their existence, and the lack of awareness most people and institutions have about these issues, highlights how mainstream culture does not generally incorporate interdependence as a core value of leadership activity.

The power of interdependence is amplified when it operates in concert with the value of self-transfor-

mation. When this happens, a break with the values underpinning heroic models of leadership occurs. While heroic models emphasize a person acting upon context to change it in some way, a person who has come to terms with vulnerability acts upon context to change it but without losing sight of the fact that she is connected to that context at all times. Before she takes action in the world, she will consider the implications on others in ways that have a deeper level of empathy than that which usually characterizes heroic leadership activity.

This difference is articulated well in an interview with disability activist Norman Kunc.<sup>7</sup> Kunc, who has cerebral palsy,<sup>8</sup> discusses the efforts of a physiotherapist to motivate him to do exercises to improve his walking. While not denying the good intentions of the physiotherapist, Kunc summarizes his main learning from this experience as follows:

“...and what I learned at that moment in life was that it was not a good thing to be disabled and that the more I could reduce or minimize

my disability the better off I would be. When I was in segregated school, I fundamentally saw myself as deficient and abnormal. I saw myself as inherently different from the rest of the human race. The implicit message that permeated all my therapy experiences was that if I wanted to live as a valued person, wanted a quality life, to have a good job, everything could be mine. All I had to do was overcome my disability. No one comes up and says ‘Look, if you want to live a good life you have to be normal,’ but it is a powerful, implicit message. Receiving physical therapy and occupational therapy were important contributors in terms of seeing myself as abnormal.”<sup>9</sup>

Kunc and others do not argue against therapy per se for those who wish it. What he argues against are the inherent assumptions made by therapists who never consider that the actions they are taking may have a negative impact on the sovereignty of a person with a disability. What if the person with a disability has decided that he wants to spend his life in ways that do not include physiotherapy? What if he is doing so not out of laziness or resistance, but because he has chosen for himself a quality of life that doesn't include getting physiotherapy? Awareness of such questions require including people with a disability contextually, i.e. engaging them and exploring with them the next steps best suited to their lives.

## The False Assumption of Mainstream Values

Much of the economic success society is currently experiencing has resulted from emphasizing achievement through competitive means. Free market economies open the door to competition. They encourage conflicting forces to struggle against each other to prevail. It is assumed that the superior product, person, system, etc. will in fact prevail. It is also assumed that society, as a whole, will benefit as a result of this process. This approach has led to a dramatic improvement in efficiency, technological innovation,

individual excellence and economic prosperity. Heroic models of leadership emerged from this environment and from the values underpinning it: achievement, competitiveness, and productivity are among those values. These values are currently unquestioned in society, perhaps the best indication that they are well and truly mainstream.

Increasingly, however, the second half of the assumption these values make – that society *as a whole* will benefit from operating this way – is being recognized as false. Despite the benefits to some sectors of society from adopting a market perspective in all areas of life, a huge number of people are not only not benefiting, they are finding it difficult to even survive.

Beyond this is another concern: the growing awareness that the relentless pursuit of economic growth has been responsible for creating problems increasingly complex and increasingly immune to heroic leadership approaches. Climate change, terrorism, and the increasing social divide are all issues resistant to quick fix approaches and requiring consideration of the broader context. This raises an important question:

Is there a way forward where values such as productivity and competitiveness can co-exist with values such as interdependence and self-transformation?

Heifetz declares that “...the clarification and integration of competing values itself becomes adaptive work,”<sup>10</sup> putting leadership at the centre of any working through values difference. But what will this leadership look like? And what role will people with a disability have to play?

## Implications for Leadership

“When you have a disability, you realize that the universe is not a logical place, orderly and reasonable. So instead of big plans about big changes, it's about small changes at appropriate leverage points.”  
– Carlene Bouchert

***“Take heart, people of the future, from our times when prospects seemed bleak and frightening. I am sure there are aspects of life in your time and place which are equally difficult.... In every period of history people have fought against impossible odds.... Fight your tendency to avoid pain and suffering. Accept your fears, be informed by them, and learn how to set them aside. Develop an even deeper connection to the creatures you share the planet with. Enjoy the absurdity around you. And remember, we put a lot of effort into making your life on this planet possible, so don’t let us down.”<sup>11</sup>***

The process of coming to terms with vulnerability is one that necessarily shifts a person’s values focus to one that emphasizes self-transformation and interdependence. As already discussed, it is not an easy task to do this, and it is not a given that a person with a disability will necessarily undertake it. If he does, however, he will be required to confront a very complex issue that doesn’t have a prescribed answer. He is likely to develop traits that bode well for his leadership potential: an increased tolerance for uncertainty, an awareness of limitation, self-honesty, humility, courage, and resilience. Additionally, these values and his awareness of the broader context will both give plenty of exercise to his personal conscience: Who will be affected by my actions? How will this action play out over time? Am I doing this primarily for my own benefit, or will this contribute to a larger good?

Questions such as these are necessary to confront complex, systemic problems in a way that doesn’t inadvertently make a situation worse. There is no guarantee that asking these questions will result in a perfect solution, but the likelihood of making a decent start in a positive direction is significantly increased. This type of leadership is sorely needed in the government, business and community sectors. It is needed because the nature of problems themselves is becoming more complex.

Heifetz uses an example of how this type of leadership functions when he highlights the actions of William Ruckelshaus in 1983. Ruckelshaus, head of the U.S. Environmental Protection Agency (EPA),<sup>12</sup> had to decide on whether the health hazards of a copper smelting plant in Tacoma, Washington, justified closing it down. The plant was emitting arsenic, which had been shown to cause cancer, but it was

uncertain whether its’ emissions reduced its’ “margin of safety” to unacceptable standards.

What was unique about Ruckelshaus’ leadership on this issue was what he didn’t do. He didn’t immediately intervene on the side of either the company – the town’s main employer – or the public health sector. He didn’t pretend to know the answer and act “decisively” to solve the problem. Instead, he publicly and dramatically refused to decide on his own. He announced the EPA would actively solicit the views of the general public in the town itself, an action virtually unheard of at the time and whose implementation would require facilitation and collaboration skills foreign to the majority of his EPA employees. In suggesting this, he was lampooned by the press and criticized by the public, the copper company, and even by the national headquarters of the EPA itself. He went ahead anyway – not because of unilateral arrogance but because he knew he didn’t have the answer and wanted to put in place a process that would lead to one. He delayed official hearings on the matter so that workshops could be conducted soliciting wide public input.

In the course of these workshops the problem, initially seen strictly as a zero sum conflict of “jobs vs. public health,” began to take a new shape. After a time, the public attending these meetings began to veer in the direction of considering how they might diversify the economy of their area of Tacoma. A year later, unrelated to the discussions and to the EPA’s involvement, the plant owners themselves decided to close the plant because falling copper prices were making it economically unviable. The community, however – through their extended participation in discussions about the issue – was prepared. They had already spent considerable time

attracting new industry to the area and finding new jobs for the copper plant workers.

There is, of course, more detail to the story. But the significant factor to notice is the underlying values driving the leadership action taken. Ruckelshaus was acutely aware of a broader context, inclusive of all the interest groups involved. He recognized the interdependence of the people involved in the situation and understood that the community, the company, and even the EPA itself would have to transform if it was going to address this problem in a successful way. There was no certainty that a solution would in fact be reached, and no predictability even about what would happen next.

This stands in contrast to heroic leadership that frequently acts too quickly in order to be seen as decisive, and unilaterally so as to avoid conflicting opinions. Both of these approaches appear to be leadership when heroic values are the only reference point, but both often narrow context in order to create this impression. Problems such as terrorism, the social divide and climate change require broadening the context to include everyone. Each of these issues will require leadership that can acknowledge and deal with that fact. Furthermore, it will require leadership that understands the values that underpin this sort of approach. The disability community has many such people among its' ranks: people who have come to terms with vulnerability and are well established in the values of self-transformation and interdependence.

This suggests another values shift inclusive of both heroic model values and values that acknowledge the wider context: viewing society not as composed of consumers, but of citizens. This perspective has been lost, despite the lip service paid to it by politicians in particular. Truly seeing society as an aggregate of citizens greater than any individual in it acknowledges interdependence from the outset, without restricting anyone's capacity to pursue individual success and excel. It broadens the context by placing the responsibility for progressing society onto the shoulders of everyone. It encourages transparency in our interactions with each other, better

communications, and a capacity to function outside of cynical self-interest. It also encourages a return to an awareness of the "common good" as a guiding value closely aligned with interdependence.

It does not, however, mean the assimilation of people with disabilities. Assimilation without a values shift would ignore the insights gained by people with a disability who have come to terms with their vulnerability largely through shifting their values. Those insights need to be brought to the conversation. Paul Dunn, Senior Project Officer with the Department of Health Services (DHS) Victoria, pointed out to me the perils of assimilation in our conversation together. "What's really needed," said Dunn, "are new ways in which we organize ourselves."

Organizing ourselves differently may seem risky in terms of productivity, but only if productivity is narrowly defined in a context of short term balance sheets. Long term productivity incorporates the value of quality into its' thinking, which in turn puts greater emphasis on creating environments where people interact with each other in more creative and significant ways. This in turn increases the likelihood of sorting through complexity. It would require organizations to take the "step back" in order to activate personal conscience and view the broader context surrounding an issue before jumping into action, a reflective practice increasing rare yet desperately needed for whole system, complex problems. There are obvious implications to this perspective that the disability community has been alerting us to for decades: improving access and infrastructure, providing opportunity, and widening our compassion to trust that just because people are in a position where they can't always achieve at the highest levels does not mean that they can't contribute hugely to society's most significant and pressing problems.

Indeed, people with a disability may well have just the perspective needed to provide unique and creative contributions to problems that will not be resolved by simple technical solutions which ignore the wider context – no matter how competent or heroic those solutions may appear to be.

## ABOUT THE AUTHOR

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The author gratefully acknowledges the contributions made to this article by the Australian disability community. In particular, the participants in the Leadership Plus program in 2005, 2006, and 2007 whose willingness to share their stories with me has been instrumental in helping me begin to understand "from the inside" how disability is experienced. I would also like to thank the willingness of the people listed below, all of whom took time away from their work with people with a disability to discuss the issues covered in this paper. Thank you for your input, and for the important contributions you are making to our community.

**Dr. Mark Bagshaw**, Director Accessibility, IBM, Australia and New Zealand; Chairman, The Ability Australia Foundation, Pyrmont, NSW.

**Carlene Bouchert**, Associate Professor, Health Services Management, School of Management, RMIT University, Melbourne, VIC.

**David Craig**, Executive Officer, Action For Community Living, Melbourne, VIC.

**Paul Dunn**, Senior Project Officer, Community Building, Disability Services, Department of Human Services, Melbourne, VIC.

**Stephen Gianni**, Executive Officer, Leadership Plus, Melbourne, VIC.

**Dr. Lorna Hallahan**, Lecturer in Social Work, Flinders University; Manager, Community Development Anglicare SA, Adelaide, SA.

**Jenny Harrison**, Lecturer, Disability Services, Victoria University, Melbourne, VIC.

**Clare Thorn**, Manager, Office for Disability, Department for Victorian Communities, Melbourne, VIC.

**Niki Vincent**, Chief Executive, Leaders Institute of South Australia, Adelaide, SA.

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## END NOTES

- 1 Heifetz, p. 5
- 2 Ibid., p. 118
- 3 Wheatley, *Leadership and The New Science*, p. 22
- 4 Burns, *Leadership*, p. 19
- 5 ABI is the acronym for "Acquired Brain Injury" and refers to any type of brain damage occurring after birth, regardless of whether it began through infection, disease, lack of oxygen, or a blow to the head. About 160,000 Australians suffer from some form of ABI.
- 6 Based in Sydney, Ability Australia works to implement broad-based disability reform.
- 7 "The Stairs Don't Go Anywhere" from the *Journal of the Council for Exceptional Children – Division for Physical and Health Disabilities*
- 8 Cerebral palsy refers to a number of neurological disorders which appear in infancy or early childhood and which permanently affect body movement and muscle coordination. Although cerebral palsy affects muscle movement, it is caused by abnormalities in parts of the brain that affect such movements.
- 9 Ibid., p. 2
- 10 Heifetz, p. 3
- 11 Peavy, Fran (1985), *Heart Politics*, Philadelphia: New Society, pp. 181–182
- 12 Heifetz, pp. 88–100

# Rewriting the Rules of the Game

## Integrating Personal and Professional Aspirations in Practice

Alexandre de Carvalho



**Alexandre de Carvalho**

Alexandre de Carvalho began his professional career with a series of traditional management positions in the pharmaceutical industry, moving from finance to marketing to directing overseas operations. His international career brought him from France to Belgium, Portugal, Spain, Latin America, the United States, Africa, and finally India, before returning to France. While working to reposition a struggling pharmaceutical business in Africa, he experienced a change of heart and understanding. By redefining what constituted success, he brought together his professional and personal desires in a coherent, integrated stance – and developed a healthier, more profitable, business model.

**W**hen I began my professional life, I had a rather traditional view of the leader's role and what makes a "good corporate citizen." Success was defined as meeting predetermined objectives, which first and foremost included financial goals. Before I accepted my position as Managing Director of the Africa Region, I had to overcome a certain reluctance. I was drawn to the continent because of my paternal ancestry, but at the same time, the idea of having to manage a business which was marked by mediocre results didn't really excite me. Africa was considered one of the "problem countries" by the company I worked for, and it had few prospects for recovery. The management team there had a reputation for confrontation, and the social climate was problematic.

In addition, the principle of empowerment, to which I was attached, was sorely lacking. The rules of the game were set by company headquarters in France. For example, the African finance and human resources functions were located at the company headquarters. All the other overseas affiliates retained those functions on site, with positions held by local managers. I had just spent several years with the Brazilian and American affiliates, where, in contrast,

local management was truly autonomous, and several different management programs – Quality Circles, Deming's Total Quality Management, etc. – had already been implemented. Up until then, the company had conceived of Africa as functioning according to a different model.

### A Limited Vision

The management at headquarters had a somewhat limited vision. They couldn't conceive of any substantial growth in these countries, because the market for branded medicines was considered insignificant. Paradoxically, generic products and over-the-counter medications weren't encouraged by the company's strategies in general, not even for Africa. They relied upon a management team made up exclusively of expatriates, and were grossly unaware of the lack of motivation among local teams. In reality, the management team followed a top-down application of the company's global strategy, and the overarching pursuit of the financial objectives determined by the headquarters. There was strong pressure to meet these goals, which generated a great deal of stress within the organization. The fact was,

however, that these objectives hadn't been achieved for years.

Additionally, partnering with local authorities wasn't considered, as these groups were focused on prevention. For example, the proper use of mosquito nets was known to be an effective tool for preventing malaria, notably in children, who are the principal victims of the disease. This was the central message of public health campaigns. In contrast, the company's African marketing was entirely conceived in terms of treating prevalent diseases. They could not imagine that synergies could emerge from partnerships with public health projects. The company's policy revolved around making the minimum investment necessary, including the closure of so-called "non-strategic" African sites.

Gradually, I realized that this rationale was not doing much to meet the basic needs of local populations in terms of health, nor was it in keeping with the best interests of business development. However, when I took the position of Managing Director, I still implicitly accepted the "rules of the game." I justified this to myself by saying that being a leader in medicine was in itself a contribution to Africa. At this point, I still relied purely upon my "corporate citizen's intelligence." My definition of success was based on external reference points, not internal. I had yet to commit myself to a comprehensive vision, and certainly hadn't affirmed any sort of truly human stance in my professional life. I was satisfied with my professional position, and only really envisioned solutions better adapted for Africa in private conversation. My professional sphere resisted any sort of citizen or human-oriented vision for Africa.

## The Power of Feedback

This changed when the human resources department at headquarters offered the managing directors a training opportunity for their management teams. These programs were carried out by a specialized consulting firm. I enrolled, along with my five direct reports. The training took place locally over one year, with four modules spread out over four days. It

started off with the consulting firm interviewing participants individually. When I got my feedback, I was taken aback: my associates felt my management style was too hard, too demanding, and stressful. I had thought of myself as encouraging participation! They said things such as: "When you speak to us like that, we *really* don't feel good."

The process allowed me to see this as more than a mere exercise carried out in a seminar. Over time I came to understand the truth of what my associates were actually experiencing. At first, I was on the defensive, and I started justifying myself by saying things like, "African results are improving thanks to this 'strict,' 'demanding' approach, but we have yet to attain all of our objectives, so we must keep going." Finally, I realized that the feedback from my associates reflected the truth. They were not trying to manipulate me; they were sincere. The process led me – for the very first time in a business setting – to truly feel empathy toward my associates. I was led to ask myself what exactly in me had triggered these effects, and why had I, up until then, been insensitive to what people were going through under my management? Where did it spring from, the adoption of this belief that "performance" must be obtained through pressure? And what exactly was *true performance*? Shouldn't I begin to imagine a better quality performance, something that might really be called "success" – and which could encompass not only financial performance, but other factors as well?

At the same time, the consultants introduced us to the concept of "Global Quality on a Human Scale." It wasn't a question of Total Quality Management anymore, a concept capable of producing goods or services in processes that, although "optimized" from a strict process standpoint, are not designed to respond to the needs of human beings. The new concept introduced me to a demanding search for overall quality for all of the stakeholders of the company's activity. This encompassed its effects on society, the environment, our associates, and even on future generations.

These concepts appeared fair to me. I felt that they truly corresponded to both my personal and

professional aspirations, and would allow me to combine the two. This meant being able to use that capacity of empathy, of feeling the effects my actions created in other people. I realized that I hadn't used those skills very often in dealing with my associates. I had been operating according to another, older paradigm based on the pursuit of results, without taking into account the human dimension of everyone involved. I saw that I had rationalized my practice of this particular type of management by defining it as "demanding" or "performance-oriented."

## The Power of a Unified Position

This initial awakening which was soon followed by another. The assessment carried out by the consulting firm didn't only concern my interactions with my associates; there were other stakeholders, as well. In a nutshell, in keeping with this new vision of Global Quality, I was challenged to figure out exactly what I could feel for, and what I could strive to bring to Africa in terms of health. At first, under the old model, I heard myself giving responses in order to justify or rationalize such as "We must strive to attain our objectives...We can't resolve every single problem," – responses that would have provoked me, coming from others. Deep down, I was ill at ease with these responses.

Then the consultants questioned me as the *head* of a leading company in the health sector – someone who was not powerless, someone who could choose to make a difference. It was then that I realized that if I didn't make a move, I would end up much like those who I was so quick to criticize privately. "Elegantly" rationalizing, just like them – up until then, at least – I was evading my responsibilities. But this "contradiction" weighed me down a great deal. Finally, I realized that I could do something to eliminate it and enter a more coherent state, but didn't yet know what exactly. I gradually set myself straight – and even felt it, physically! It was extremely satisfying.

When I looked at the challenges that I would inevitably meet along the way, I was tempted to stop there, with one professional positioning in the com-

pany and another, more human, in private. But the demand for coherence brought in by the training, combined with the dynamics generated by the implementation of the principles of Global Quality with my associates, led to changes in my own performance, as well as that of my executive committee.

First, I established my desire for an in-depth human dimension to our work – meaning less suffering and better health for the populations. I implemented a more human-centered, yet demanding system of management: "We want to see an Africa in good health, and will, in turn, align our strategies with this prospect in order to contribute to the health of the population." We attained a new rhythm, and our meetings turned much more productive. Together, we were able to develop a vision based on the idea that "One day, we will all be proud to have invented a pharmaceutical company in Africa that serves as a role model thanks to its global approach to health, its performance and its sustainability." It was akin to collective growth. A sense of pride, which had dimmed, was reignited in full force. We were planning on implementing a series of pioneering actions in the name of a single objective: health in Africa, which included the notion of prevention, as well. And we were also planning on reaching our financial goals and demonstrating that Africa could perform, too! We shared this vision with everyone, all 170 employees – from management to clerks and sales reps – at once at a week-long seminar that we organized in South Africa. It resulted in the birth of a new and enduring sense of motivation among participants. Our salespeople went so far as to begin calling themselves "health agents."

I developed a five-point strategy: identify and bring together the major players in the health sector in order to establish effective partnerships; to develop both generic and self-medication lines of products; to develop a portfolio of local products adapted to local pathologies; and to promote international strategic products by developing programs promoting access to medication and the education of patients and their families. And to be profitable.



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Headquarters expected certain financial results, but they didn't really expect any great performance from Africa. The strategies that headquarters' implicitly believed should be implemented in Africa were often in direct opposition to what motivated the changes that we executed. When I met with them, I presented business plans that were attractive in terms of projected financial results. Then, I revealed the five-point strategy. I'd committed myself to increased performance, so they accepted my propositions.

Gradually, we made progress. We developed a line of generic medication and non-prescription products. We implemented a series of partnerships with various governments, and were able, for example, with the help of local public opinion leaders on matters of malaria, diabetes and infectious diseases, to organize a series of "caravans." We travelled to different regions to inform citizens about the basic principles of prevention (including mosquito nets), and to ensure continued training for paramedical and medical personnel.

We were playing a role in the health of hundreds of thousands of people. We were able to convince headquarters to invest in our factories in order to raise the level of quality and ensure the development of the local line of products. I also started recruiting

skilled local managers. Eventually we replaced all the expatriates in managerial positions with competent local managerial teams. They were gradually sent as expats to headquarters, reversing the "migratory" flow of skills. That was a true first! Finally, in terms of finance, we managed to vigorously improve sales and bottom-line trends, and for the first time in years, the African affiliate met its financial targets, and teams were able to access their bonus. Africa has permanently left the "club of problematic business units." In 2003, I was named by the *Economia* review (*Groupe Jeune Afrique*) as one of the "50 managers that are changing Africa."

## Redefining Success

And that's when problems broke out in Côte d'Ivoire, which is where I'd been living and working. Headquarters in France quickly sent me three options, all of which included a substantial reduction in activity in the region. I proposed a fourth one, which was designed to allow us to pursue our work with our structure intact by moving the regional headquarters and our associates to another, safer, African capital. The proposal was sent up the ladder for a decision. The answer was "Yes, but there is no budget available for

an operation as costly as relocation!” What could I do? Tell myself that I had done my best? Tell my associates that the adventure was over?

I had had the chance to prepare myself over the course of a Master’s program on the development of Ethical Leadership. It was offered by the consulting firm we had been working with; I had enrolled in the wake of their initial intervention. I was faced with a profound issue: whether or not to pursue the “adventure” I started. If I wanted to perform, I would have to be honest, demanding, and generous with myself all at the same time. To say “I’ve done my best” would be allowing room for failure. The consultants and program participants helped me analyze myself. I found that when faced with those higher up on the chain of command, despite my success, on the inside, I wasn’t as assertive as I needed to be. On the non-verbal level, for example, I often found myself, in the most crucial moments, in a position of asking, rather than being *affirmative*. I performed role-playing exercises once, twice, ten times, connecting internally with all of the positive effects that I had been able to create with my positioning, the vision and the new strategies.

I kept it up until I could gather within myself the resources and the genuine attitude that I needed to be able to create common ground with the decision makers, and to unequivocally carry out a successful strategy. Then I went for it! I described to my boss’s boss (the International Division’s senior executive vice president) what I had implemented, and the results that *we* were obtaining on a financial as well as on a human level. I got him to admit that the results were noticeable, and impressive, and I finally reached the conclusion that it was out of the question that such an experiment should be cut short. *Out of the question!* I had a well-rooted, centered position. I had a vision and a strategy. I created common ground. And I succeeded in getting the green light and the budget to relocate the regional headquarters in good conditions for the teams.

Eventually I was promoted to Managing Director of our Indian affiliate, but the approach we began in Africa continued. Not only were the expatriates

replaced with locals, but my successor at the head of the African region was, for the very first time, not only local but female. I counted that as a mark of real success.

## Lessons Learned

I started off my professional career with the idea of success as being “success in the eyes of others.” My experience in Brazil broadened that definition to include the implementation of well-conceived processes – in a participative manner, if at all possible – but this was still limited to guaranteeing the accomplishment of predetermined economic objectives. In the wake of my experiences in Africa and India, I see success as the alignment of my aspirations as a business person with my aspirations as a citizen and human being, and as creating added value for human beings (empathy and feeling) while achieving economic results.

I learned from my experience in Africa that all leaders have the potential for a vision with a human dimension that can be both consistent with their deepest aspirations for humanity, and economically viable. Fully rolling out this vision depends on leaders’ ability to harmonize their different levels of being, i.e., intellectual, emotional, creative/intuitive, and their ability to position themselves, take a stand, and manifest their vision. Only then may they be able to use strategies that are coherent with that vision, and to develop their own personal position in a way that is both forceful and respectful of the position of their bosses.

I learned that these “know-how-to-be” skills are vital for the autonomous implementation of strategies that will bring about both economic performance and a long-lasting added value for human beings. It is necessary to know that this possibility exists; if you really are aware of it, then the right actions and qualitative economic effects will emerge. I know that it is necessary to *know* that this possibility exists because each one of us has the potential to realize it. And though this skill is not usually readily accessible, it is nonetheless essential for managers,

companies, and all stakeholders. Using this skill is the fruit of a process by which one may surpass their own limits. Mastering the facilitation of such a process is a potential service offering that meets a serious need within companies, whether or not that need is expressed. This investment can definitely find a return, both economically and socially. I am certain that more companies can make the core of their business model respond to the crucial needs of humanity, while continuing to be economically successful.

#### ABOUT THE AUTHOR

**Alexandre de Carvalho** studied Management at the HEC School of Management in Paris, and Harvard Business School. The turning point in his career was attend-

ing a three year Master program in the Development of Ethical Leadership, conducted by Recherches et Evolution, the consulting firm that worked with him on repositioning the African pharmaceutical business described in the article. After a 23-year career in the pharmaceutical sector, he joined the Clinton Foundation, heading up their Global HIV/AIDS Pediatric Program. Fluent in four languages, and at home in many countries and cultures, he subsequently established himself as an independent consultant.

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This article was adapted from an interview conducted in June 2007 by Manfred Mack and Thierry Groussin for *Les Cahiers de SoL France*.

# We Need a New Economics



Riane Eisler

Recognized as a truly original thinker, Riane Eisler, author of the best seller *The Chalice and the Blade* continues to bring fresh solutions to the world's social problems in her new book, *The Real Wealth of Nations*. Hailed as "revolutionary" by Gloria Steinem, and "desperately needed" by Peter Senge, the book begins with a look at our day-to-day behaviors and values, and then moves to the changes needed in the policies and practices of governments and business leaders. A renowned social scientist, macrohistorian, attorney, and activist for human rights, peace, and the environment, Eisler offers solutions based on solid research that are compassionate, sustainable, and practical. Here we excerpt the first chapter, in which she introduces the first of five foundations for a caring economics: a full-spectrum economic map that includes the life-supporting activities of households, communities, and nature.

## Economic Models Impact Our Day-to-Day Lives

**J**im Cross graduated at the top of his applied computer science class. But he hasn't found a job in California's prosperous Silicon Valley, once the golden Mecca for high-wage technology jobs. While sales and profits in the region have been skyrocketing again – an average of more than 500 percent over three years – employ.

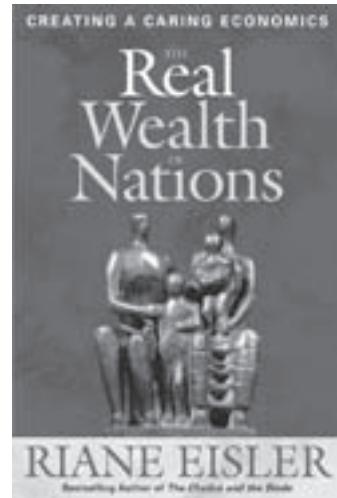
In Nigeria, Marian Mfunde has just buried her second baby. Like her first son – and millions of African children every year – her five-month-old daughter died of hunger. Marian herself is sick with HIV, which she contracted from her husband before he left to seek work in the capital, and was never heard from again.

In Rio de Janeiro, nine-year-old Rosario Menen sleeps on the street. She lives in terror of rats, rapists, and the police squads that periodically evict and brutalize street children. Like thousands of Brazilian girls and boys, Rosario has no place to go and no one to care for her.

In Riyadh, 18-year-old Ahmad Haman just joined a fundamentalist terrorist cell. In his native Saudi Arabia, his financial prospects are dim.<sup>1</sup> Population in the Middle East has tripled in the last fifty years, to 380 million in 2000 from 100 million in 1950 – and today close to two-thirds of those 380 million Middle Easterners are under age 25, and jobs are scarce.<sup>2</sup> Even in his oil-rich nation, Ahmad finds the promise of a heavenly afterlife with seventy virgins if he

## The Real Wealth of Nations

Riane Eisler  
Berrett-Kohler, 2007



blows himself up in a suicide bombing more promising than his earthly future.<sup>3</sup>

In the midst of all this runaway dislocation, misery, and insanity, economists argue endlessly about free markets versus government regulations, privatization versus central economic planning. They talk about corporate profits, international trade agreements, job outsourcing, employment figures, interest rates, inflation, and gross national product. That's what's discussed in the news, in business schools, and in thousands of economic treatises – usually in a jargon most people find frustratingly out of touch with their real needs.

Of course, it's not that economists are unaware of people's real-life needs. Some, like Nobel laureates Amartya Sen and Joseph

Stiglitz, vigorously criticize practices that cause hunger, ill health, and environmental destruction and pollution.<sup>4</sup> A few, like MacArthur fellows Nancy Folbre and Heidi Hartmann, also note that even in the rich United States working parents are stressed because they have too little time to care for their children, and even well-to-do people find it hard to juggle work and family.<sup>5</sup> But even now, when globalization is creating increasing stress for many families, most mainstream economic writings don't pay much attention to how economic models impact our day-to-day lives.<sup>6</sup>

Generally, economists don't write about people's daily lives – except as employers, employees, and consumers. And when they address our environmental and social problems, they're usually still caught in the free markets/privatization versus central planning/government regulation debate that framed the conflict between capitalism and communism.

These discussions ignore the fact that neither capitalist nor communist systems have been able to solve chronic problems such as environmental degradation, poverty, and the violence of war and terrorism that diverts and destroys economic resources and blights so many lives. Indeed, many of these problems have been the result of both capitalist and communist economic policies.

To effectively address our problems, we need a different way of looking at economics. In our time of rapidly changing technological and social conditions, we have to go

much deeper, to matters that conventional economic analyses and theories have ignored.

There's a common denominator underlying our mounting personal, social, and environmental problems: lack of caring.<sup>7</sup> We need an economic system that takes us beyond communism, capitalism, and other old isms. We need economic models, rules, and policies that support caring for ourselves, others, and our Mother Earth.<sup>8</sup>

An economics based on caring may seem unrealistic to some people. Actually, it's much more realistic than the old economic models. Our old models strangely ignore some of the most basic facts about human existence – beginning with the crucial importance of caring and caregiving for all economic activities.

Consider that without caring and caregiving none of us would be here. There would be no households, no workforce, no economy, nothing. Yet most current economic discussions don't even mention caring and caregiving. This too is odd, since economics comes from oikonomia, which is the Greek word for managing the household – and a core component of households is caring and caregiving.<sup>9</sup>

This book proposes that a radical reformulation of economics is needed for us not only to survive, but to thrive. It shows that the exclusion of caring and caregiving from mainstream economic theory and practice has had, and continues to have, terrible effects on people's quality of life, on our natural life-support systems, and on economic productivity, innovativeness, and adaptability to new conditions. Failing to include

caring and caregiving in economic models is totally inappropriate for the postindustrial economy, where the most important capital is what economists like to call human capital: people. Moreover, it's not realistic to expect changes in uncaring economic policies and practices unless caring and caregiving are given greater value.

As Einstein remarked, we cannot solve problems with the same thinking that created them. We are at a critical juncture where a new way of thinking about economics is needed.

Giving greater value to caring and caregiving won't cure all our

***It's not realistic to expect changes in uncaring economic policies and practices unless caring and caregiving are given greater value.***

problems. But it is impossible to solve our current global crises, much less advance our personal, economic, and global development, unless we do. If we are to change dysfunctional government policies and business practices, we need a new approach to economics in which supporting caring – or even talking about caring – is no longer taboo.

**What Is Economics?**

In the fall of 2004, I was invited by the Dag Hammarskjöld Foundation to a meeting to explore the future of economics. The site was the home of my long-time friend and colleague Hazel Henderson, a leading light in

the movement toward a new economics. The 25 other participants came from Latin America, Europe, Asia, Africa, Australia, and the United States. They included academicians, social activists, and former government officials.

The departure point for our discussions was a critique of the so-called neoclassical economics that is today the dominant, often only, economic analysis taught in Western universities. Deriving from the earlier classical economics developed by Adam Smith, David Ricardo, and other “fathers” of modern capitalist theory, neoclassical economics is primarily concerned with analyzing and predicting how markets function. It relies heavily on mathematical modeling, and this modeling is something of a closed loop, as it is founded on some basic, indeed hallowed, assumptions.

One of these assumptions is that “rational economic man” makes informed economic choices based on rational self-interest. Another assumption is that competition then regulates these self-interested choices in a self-organizing dynamic that ultimately works for the common good. Still another assumption is that governments should keep a hands-off policy when it comes to the operation of markets. This last assumption is a centerpiece of the most recent offshoot of neoclassical theory: the so-called neoliberalism espoused by neoconservatives in the United States and elsewhere, who claim that privatization, market deregulation, and trade unhampered by national

## Two Meanings of Economics

The term economics has both a scholarly and a popular meaning. The academic meaning of economics is as a social science; for example, the branch of social science that deals with the production, distribution, and consumption of goods and services and their management. When used in this sense, the term describes economic theories and economic models. The popular meaning of economics is much broader. It is often used as a shorthand for describing economic systems, policies, and practices; for example, in common phrases such as “U.S. economics and politics.” I use the term economics in both its academic and popular sense, depending on the context.

borders or interests will cure all our ills.

For a while, the Hammarskjöld Foundation meeting focused on the shortcomings of neoclassical and neoliberal economic theories and models. Some participants argued that these models are out of sync with scientific advancements. They cited the new work of physicists debunking the math of orthodox economic models, pointed out errors in computerized analysis methodology, and argued that these “reductionist” methods produce false pictures of reality. Some pointed to how markets are today heavily manipulated by sophisticated advertising campaigns that create artificial tastes, even artificial needs. Others critiqued the premise that competition regulates the market, pointing out how, all around us, huge corporations gobble up smaller firms through acquisitions and takeovers, or put them out of business by cutting prices until competitors are out of the picture.

The discussion then turned from economic theory to what is

actually happening in the world today. Many participants criticized the trend toward privatizing water and other essentials of life and the consolidation of ever more wealth and power in multinational corporations. Others deplored the lack of accountability of globalization agencies such as the International Monetary Fund and the disastrous lack of regard for the destruction of our natural habitat. Still others advocated innovations such as new quality-of-life indicators like the Kingdom of Bhutan’s “happiness index,” international tribunals on product liability, and new textbooks and classes that would propagate alternative economic perspectives.

But as our discussions progressed, something else gradually became apparent. Despite many common concerns and critiques, there was one area of strong disagreement. This disagreement focused on what the domain of economics is and should be.

Some of the participants were only interested in the narrow band of economic relations in the mar-

ket economy – just like the conventional economists they critiqued. They were adamantly opposed to economic models that take into account the nonmarket work of caring and caregiving performed primarily in the household and other parts of the nonmonetized economy.<sup>10</sup> They began by arguing that this work could not be quantified. When it was pointed out that it can, and actually has been, quantified, they were unified in holding that it shouldn't be.<sup>11</sup> While they noted that flawed economic models make for flawed economic policies, they made it clear that they were not interested in expanding, much less redefining, the domain of economics.

Nonetheless, this expansion and redefinition of economic models is already in progress. Thousands of women and men worldwide have for some time noted the irony of not including the most foundational human work in economic measures and policies. A few years ago, Marilyn Waring wrote a groundbreaking book on the subject.<sup>12</sup> More recently Barbara Brandt, Ann Crittenden, Mari-

anne Ferber, Nancy Folbre, Janet Gornick, Heidi Hartmann, Hazel Henderson, Marcia Meyers, Julie Nelson, Hilkka Pietila, Genevieve Vaughan, and other economic thinkers have focused on the need to make caring visible in economic theory and practice.<sup>13</sup> Edgar Cahn, Nirmala Banerjee, Herman Daly, Devaki Jain, David Korten, Paul Krugman, Amartya Sen, and other pioneering thinkers have also started to insist that we look at economic relations from a broader perspective.<sup>14</sup> Their work, particularly that of Pietila and Henderson, provides the basis for the expanded economic model needed for a caring economics.

## A New Economic Map

To build a new economic model, we must include the full spectrum of economic relations – all the way from how humans relate to our natural habitat to intrahousehold economic interactions. This requires a complete and accurate map that includes all economic sectors.

This new economic map begins with the household as the core inner sector. This sector is the real

heart of economic productivity, as it supports and makes possible economic activity in all the other sectors. The household is not, as most economics texts have it, just a unit of consumption. It is, and has always also been, a unit of production. Its most important product is, and always has been, people – and this product is of paramount importance in the postindustrial economy where “high-quality human capital” has become a business mantra.

But no attention is given in conventional economic analyses to what is needed to produce this high-quality human capital: caring and caregiving. (See “The New Economic Map,” below, and “The Old Economic Map” on page 40.)

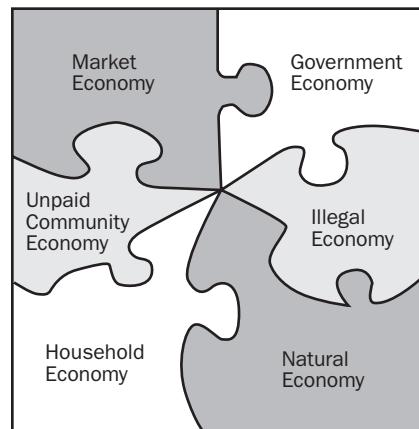
The second sector is the unpaid community economy. This includes volunteers working for charitable and social justice groups in what is today often called civil society, as well as some aspects of the barter and community currency economy (which is growing). Here too caring and caregiving are important activities.

The third sector is the market economy. This sector is the focus

### The New Economic Map

The new economic map includes all six economic sectors:

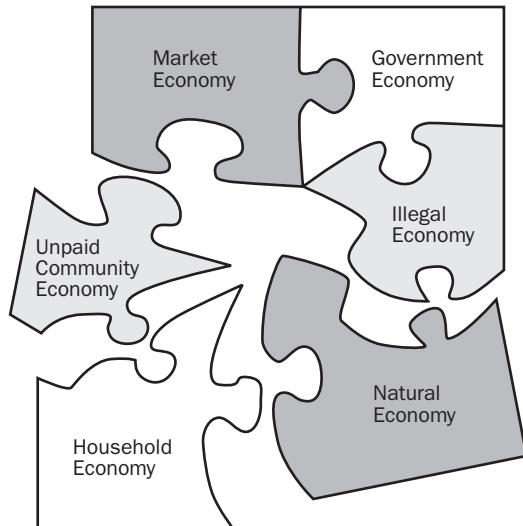
- Core inner sector: Household economy*
- Second sector: Unpaid community economy*
- Third sector: Market economy*
- Fourth sector: Illegal economy*
- Fifth sector: Government economy*
- Sixth sector: Natural economy*



## The Old Economic Map

In the old economic models, the foundational economic sectors—household, unpaid community, and natural—are omitted, which leads to distorted views and policies

Our challenge is to develop a caring economics where human needs and capacities are nurtured, our natural habitat is conserved, and our great potential for caring and creativity is supported.



of conventional economic analyses and indicators. The market is fueled by the first two economic sectors, but its measurements and rules accord them no value. As presently structured, the market economy often tends to discourage rather than encourage caring – even though studies show that when employees feel cared for they are much more creative and productive.

The fourth sector is the illegal economy, which includes the drug trade, the sex trade, some of the arms trade, and other economic activities that are in the hands of crime syndicates and gangs. The illegal sector's defining characteristic is lack of caring – not to speak of the killings and other horrors that are its hallmarks.

The fifth sector is the government economy: the sector that makes the policies, laws, and rules governing the market economy and provides public services, either directly or by contracting them out to private enterprises. Some of these services entail caring activities; for example, services provided by public health agencies. But

in most nations, government policies give little support to the caring and caregiving activities of the household and unpaid community economy on which all economic sectors depend. Present government policies are often also uncaring of the mass of people, channelling funds to the wealthy. And in many nations, including the United States, government policies fail to protect nature from reckless exploitation and pollution.

The sixth sector is the natural economy, which like the household, is basic. Our natural environment, too, produces resources out of which the market economy maintains itself. But again, conventional economic models give little value to nature. Consequently, nature is exploited, with increasingly disastrous results as we move to ever more powerful technologies. Caring for Mother Earth is viewed as a liability in the conventional cost-benefit analysis, and until recently was not even an issue in economic theories.

These six economic sectors are in constant interaction. Only by taking all of them into account

can we make the changes we need in our world today.

The challenge is to develop economic models, measures, and rules where the first, second, and sixth sectors are recognized and highly valued. This is foundational to a caring economic system where human needs and capacities are nurtured rather than exploited, our natural habitat is conserved rather than destroyed, and our great potential for caring and creativity is supported rather than inhibited.

## Culture, Economics, and Values

Economic systems are human creations. They can, and do, change.

During the last five hundred years of Western history, different technological phases gave rise to different economic systems. Gradually, as we shifted from mainly agricultural to primarily industrial technologies, feudalism was replaced by capitalism and in some areas, socialism. Today, we are in the throes of another major technological shift. But the shift

taking us from industrial to postindustrial society is different from earlier ones.

Unlike earlier shifts, the shift to postindustrial/nuclear/electronic/biochemical technologies is not happening over several centuries but over a few decades. Unlike earlier shifts, it is the subject of intense analyses while it is happening. Moreover, it is happening globally and is accompanied by growing consciousness that we cannot go on with business as usual: that we face a very uncertain future unless we make fundamental changes.

Historically, the introduction of new technologies has brought some changes in valuations. For example, in a primarily agricultural economy, land was considered the most valuable asset. With the technological shift to a primarily industrial economy, machinery and other capital assets gradually acquired greater value.

But valuations based on technological factors are only a small part of the values side of the economic equation. Much more important, and more resistant to change, are the underlying cultural values and social structures of which economic systems are a part.

Our beliefs about what is or is not valuable are largely unconscious. As we will see, they have been profoundly affected by assumptions we inherited from earlier times when anything associated with the female half of humanity—such as caring and caregiving—was devalued. In our Western world today, the ideal is equality between women and men, and men are increasingly

embracing “feminine” activities, like the many fathers now caring for babies and young children in ways once considered inappropriate for “real men.” But the failure of most current economic systems to give real value to caring and caregiving, whether in families or in the larger society, continues to lie behind massive economic inequities and dysfunctions.

Indeed, this systemic devaluation of the activities that contribute the most to human welfare and development lies behind a kind of economic insanity. For example, the bulk of caring work is not even included in indicators of economic productivity such as GDP (gross domestic product) and GNP (gross national product).<sup>15</sup>

Nor is that all. Not only is the work of caregiving – without which there would be no workforce – given little support in economic policy when it’s done in the home. Work that entails caregiving is paid substandard wages in the market economy.

So in the United States, people think nothing of paying plumbers, the people to whom we entrust our pipes, \$50 to \$60 per hour. But child care workers, the people to whom we entrust our children, are paid an average of \$10 an hour according to the U.S. Department of Labor.<sup>16</sup> And we demand that plumbers have some training, but not that all child care workers have training.

This is not logical. It’s pathological. But to change it, we have to look beyond areas traditionally taken into account in economic analyses.

## The Value of Caring

As current economic theory has it, what is valued is a matter of supply and demand, with scarce goods and services more valued than abundant ones. But this ignores two key points. The first, as I will develop in later chapters, is that current economic policies and practices often artificially create scarcities. The second point, to which I will also return, is that demand is largely determined by cultural beliefs about what is and is not valuable.

A much more sensible, and realistic, standard for what is given economic value is what supports and advances human survival and human development. By this standard, a caring orientation – that is, concern for the welfare and development of ourselves, others, and our natural environment – is highly valued. So also is the work of caregiving and the creation of caring environments, whether in homes, businesses, communities, or governments.

This does not mean that all caring and caregiving should be paid in money. As we will see, there are many other ways in which this work can, and must, be recognized and rewarded – from informal community networks where caregiving is exchanged to business and government policies that support and encourage caring and caregiving.

We will look more closely at caring economics in later chapters. Here, I want to clarify that by *caring work* I mean actions based on empathy, responsibility, and concern for human welfare

and optimal human development. Moreover, as detailed in “Caring, Caregiving, and a Caring Orientation,” following, a caring orientation gives visibility and value to caring and caregiving in all areas of life – from households and communities to businesses and governments.

As we will see in chapter 3, a caring business orientation can actually be more profitable in simple dollars and cents than the old uncaring one. For example, the highly successful software company SAS Institute has been extremely profitable precisely because its policies make the welfare of employees a top priority. The same is true of the successful East Coast supermarket chain, Wegmans. Ranked Number 1 on Fortune’s list of “100 Best Companies to Work For” in 2005, Wegmans states on its website that it offers “a welcoming, caring, diverse

workplace that gives all people the opportunity to grow and succeed.” Some companies have even incorporated caring into their management training programs; for example, the successful kitchen and bath cabinets manufacturer American Woodmark.

These companies are finding that concern for the welfare of employees and their families translates into increased competence and collaboration, encourages creativity and innovation, contributes to the organization’s collective capacity, and transfers into better business relations, internally as well as externally. In short, they are seeing that a caring rather than uncaring orientation is good both for people and for business.

A caring orientation also offers a more effective approach to economic policy – not only in human

terms but also in purely financial terms. For example, crime rates and attendant costs would be lowered. And the high-quality human capital needed for a healthy future economy would be assured because child care and education would be fully supported.

To provide just one illustration, in the United States alone, a single measure of caring work in the economy – early childhood development programs – has been proven to provide a 12 percent return on public investment. The North Carolina Abecedarian Project of the National Institute for Early Education found that participants in high-quality early child development programs can expect to earn approximately \$143,000 more over their lifetimes than children who did not receive these benefits.<sup>18</sup>

Similarly, the Canadian Healthy

## Caring, Caregiving, and a Caring Orientation

When I speak of caring and caregiving, I mean activities guided by a caring orientation. A caring orientation not only fulfills human needs and aspirations. It also offers a wholly different approach to business and government policies that is both financially and socially profitable. A caring orientation is not solely a matter of giving visibility and value to the work of caring for children, the sick, and the elderly in households, as essential as this is. It is not only about giving more value to caring work in the market economy, such as child care, teaching, nursing, and caring for people in retirement homes. Nor is it only about being ethical in business and government.

A caring orientation spans the gamut, from caring for children, the sick, and the elderly, to caring for employees, customers, and other business stakeholders, to what Edgar Cahn calls the civic labor of building healthy communities, the social justice labor of progressive social movements, and the environmental labor needed to preserve a healthy natural environment for ourselves and future generations.<sup>17</sup>

A caring orientation is also distinguished by a longer time horizon. In other words, a caring orientation takes into account not only short-term but also long-term considerations. For instance, it takes into account the long-term costs of uncaring environmental policies as compared to the short-term profits they may yield. Or to come back to the example of the plumber and the child care worker, a caring orientation recognizes that the long-term economic impact of properly caring for a child is infinitely greater than that of fixing a pipe – and that this difference must be factored into the economic valuation of these two activities.

## Trends Showing Recognition of the Economic Value of Caring and Caregiving

- A number of nations have already quantified the value of the unpaid work of caring and caregiving performed in households, and found that its monetary value is very high.
- The U.S. company Salary.com estimated that a fair wage for a typical stay-at-home parent would be \$134,471 a year.<sup>21</sup>
- The U.N. Human Development Reports measure the health of communities by looking at maternal and infant mortality, education, the environment, and other factors that were not previously quantified.
- Most industrialized countries provide universal health care as an investment in their human capital.
- Many businesses recognize that valuing and rewarding caring leads to greater competence, effective communication, and successful collaboration.
- Social policies in New Zealand, Canada, and most West European nations recognize the value of caring work through government subsidies for child care (not just tax credits) and paid parental leave.
- Chilean President Michelle Bachelet announced shortly after taking office that a monthly payment of \$40, as well as training courses, would be provided to caregivers of bedridden relatives in low-income families.<sup>22</sup>

Babies, Healthy Children program has been shown to enable children to score higher on most infant development measures. This includes self-help, gross motor skills, fine motor skills, and language development – all important indicators of a higher level of human capacity development. And of course, such programs directly lead to prospects for a brighter future for these children.<sup>19</sup>

Nordic nations such as Finland, Norway, and Sweden have found that investing in caring policies and programs – from universal health care and child care to generous paid parental leave – is an investment in a higher general quality of life, a happier population, and a more efficient, innovative economy. In 2003–04 and 2005–06, Finland was even ahead of the much richer and powerful

United States in the World Economic Forum's Global Competitiveness ratings.<sup>20</sup>

These examples illustrate the enormous personal, social, and economic benefits of giving more value to caring and caregiving. They also show that we don't have to start from square one. There is already movement in this direction: policies and programs that offer models that can be replicated and adapted worldwide as we move into the postindustrial economy.

### **Building a Caring Economics**

We stand at what a 2006 *Time* magazine article on global warming called a tipping point, a juncture in our planet's history when nothing less than fundamental

change is needed.<sup>23</sup> As we use the economic measurements detailed in the pages that follow, we see that our global economy is running at a gigantic loss. It becomes evident that we can't continue to exploit and pollute our natural environment. It also becomes evident that to live more fulfilling and less stressful lives, we must adequately value caring and caregiving not only in the market but in all economic sectors, from the household to nature.

We delude ourselves if we think that we can solve our environmental problems by just trying to introduce less polluting technologies or changing consumption patterns. Even if we were successful in these efforts, which is doubtful without going deeper, new crises will erupt unless we make more fundamental changes.

We can make these changes once we become aware that a society's economic structures and rules, its system of values, and its other social institutions are in a continually interactive feedback loop. During periods of social equilibrium, this loop remains relatively stable, and the guiding system of values is so taken for granted that it's largely invisible. But during periods of great instability or disequilibrium such as ours, it is possible to more clearly see the system's underlying organizational structure and operant values. Hence, today, fundamental changes – changes that transform the system rather than simply modify it to some degree – are possible.

To construct a caring economics – and here I use the term economics in its popular sense as a shorthand for describing economic systems – we must focus not only on economic theory and practice but also on cultural values and social institutions.<sup>24</sup> We can begin with three basic questions:

- First, to what kinds of qualities, activities, services, and goods do we want to give high or low economic value?
- Second, can we realistically expect the advantages of more socially and environmentally caring government policies and business practices as long as caring is not valued and rewarded?
- Third, what kinds of economic inventions do we need for the construction of a more caring, effective, innovative, and sustainable economic system?

All economic institutions are economic inventions – from banks, stock exchanges, Social Security, and health care programs to colonialism, sweatshops, and child labor. Unemployment insurance and parental leave are economic inventions designed to better care for the welfare of all members of the group. Slavery, forced labor camps, and extermination camps where Nazis collected the gold in their victims' teeth and used their body fats to make soap, are also economic inventions. But like sweatshops, colonialism, and child labor, these are economic inventions designed to more effectively exploit certain members of the group, even, if "necessary," to murder them.

In other words, an economic invention is a way of utilizing and allocating natural, human, and human-made resources. But the shape it takes – and the consequences it has – depend on the governing system of values and the social institutions it supports.

In our time, when high technology guided by values such as conquest, exploitation, and domination threaten our very survival, we need economic inventions driven by an ethos of caring. We need a caring revolution.

It's up to us to determine which existing economic inventions we want to retain, and which we want to discard. We must also develop new economic indicators, rules, policies, and practices guided by values appropriate for the more equitable and sustainable future we want and need. Above all, we must change the imbal-

anced cultural foundations on which both capitalist and communist economic systems were built, and move toward an economic system where the most essential human work – the work of caring and caregiving – is given real value.

A caring economics supports caring and caregiving on the individual, organizational, social, and environmental levels. It takes into account the full range of human needs, not only our material needs for food and shelter but also our needs for meaningful work and meaningful lives.

## The Six Foundations for a Caring Economics

As detailed in the next sidebar, a caring economics has six foundations: a full-spectrum economic map; cultural beliefs and institutions that value caring and caregiving; caring economic rules, policies, and practices; inclusive and accurate economic indicators; partnership economic and social structures; and an economic theory I call partnerism because it incorporates the partnership elements of both capitalism and socialism but goes beyond them to recognize the essential economic value of caring for ourselves, others, and nature.

The shift to a caring economics will take time, and it won't happen all at once. It will move in increments, with advances in any one area setting in motion ripples of change in all the others. Changes in beliefs about what is or is not economically productive

## What We Can Do: Building Six Foundations for a Caring Economic System

Progress in building any one of these foundations will set in motion progress in all the others in an interactive dynamic of change.

**Foundation 1: A Full-Spectrum Economic Map:** A full-spectrum economic map includes the household economy, the unpaid community economy, the market economy, the illegal economy, the government economy, and the natural economy. This more accurate and inclusive map for economics is introduced in this chapter.

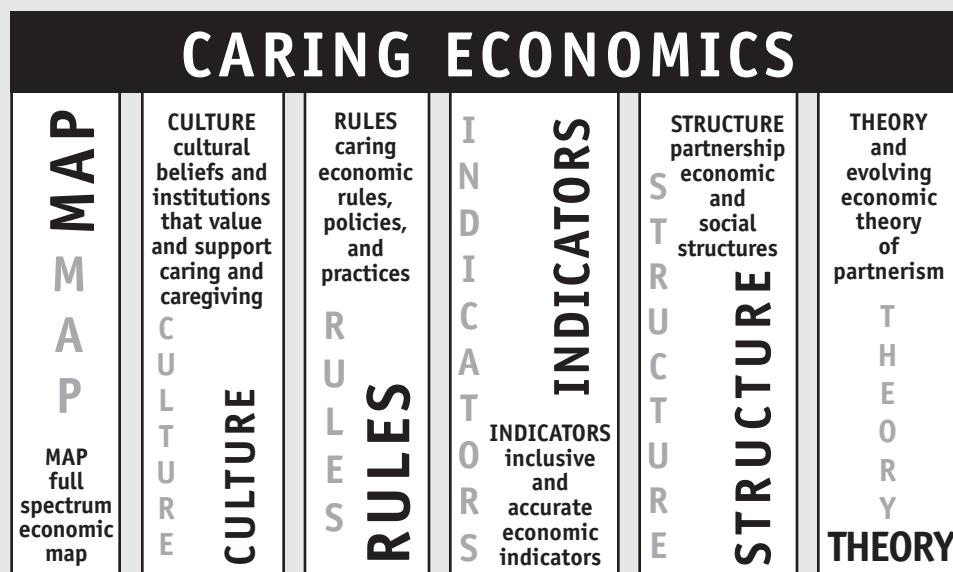
**Foundation 2: Cultural Beliefs and Institutions That Value Caring and Caregiving:** Beliefs and institutions orient to the partnership system rather than the domination system, and include a shift from dominator to partnership relations in the formative parent-child and gender relations. The configurations of the Partnership System and the Domination System are introduced in chapter 2.

**Foundation 3: Caring Economic Rules, Policies, and Practices:** Government and business rules, policies, and practices encourage and reward caring and caregiving; meet basic human needs, both material needs and needs for human development; direct technological breakthroughs to life-sustaining applications; and consider effects on future generations. Chapter 3 describes these rules, policies, and practices, showing their enormous business and social benefits.

**Foundation 4: Inclusive and Accurate Economic Indicators:** Indicators include the life-sustaining activities traditionally performed by women in households and other parts of the nonmonetized economy, as well as the life-sustaining processes of nature, and do not include activities that harm us and our natural environment. Chapter 4 describes new economic indicators that include the life sustaining activities of households, communities, and nature.

**Foundation 5: Partnership Economic and Social Structures:** More equitable and participatory structures support relations of mutual benefit, responsibility, and accountability rather than the concentration of economic assets and power at the top. Chapter 5 contrasts partnership and domination economic and social structures, showing how these affect all aspects of our lives.

**Foundation 6: An Evolving Economic Theory of Partnerism:** Economic theory incorporates the partnership elements of both capitalism and socialism, but goes beyond them to recognize the essential economic value of caring for ourselves, others, and nature. Chapter 7 introduces the concept of partnerism.



will lead to new ways of thinking about economics, and from this to more accurate economic indicators. These changes in beliefs and indicators will spur movement toward more caring policies and practices, which in turn will lead to more partnership-oriented economic and social structures. And all this will support further movement to a full-spectrum economic map, more inclusive economic theories and indicators, and cultural beliefs and institutions that value caring and caregiving.

In other words, progress in any one area drives progress in others. So the more we do to advance change in any one area, the sooner we will see a shift in the whole economic system.

The first step is changing the conversation about economics to include the term caring and raising awareness of the economic importance of caregiving. This is something every one of us can do.

The failure of present economic theories and policies to recognize that caring and caregiving are integral to personal, economic, ecological, and social health directly affects our lives and our children's future. It has saddled us with dysfunctional economic models and measures, which in

turn have led to dysfunctional policies and practices. These policies and practices are major factors behind seemingly insoluble global problems such as poverty, overpopulation, and environmental devastation. They are obstacles to success in the postindustrial economy, where, more than money,

***In our time, when  
high technology guided  
by values such as con-  
quest, exploitation, and  
domination threaten our  
very survival, we need  
economic inventions  
driven by an ethos  
of caring. We need a  
caring revolution.***

markets, or super-computerized office equipment, human capital is the most important capital. And they have perpetuated an imbalanced and unhealthy system of values.

The alternative seems obvious once we step aside from what we've been taught to focus on in economics and look at what we

value most in our own homes and lives. It then is evident that without bringing equity and value to the work of caring and caregiving, we can't realistically expect more caring, peaceful, environmentally healthy, and just societies in which people live meaningful, creative, and fulfilling lives.

This isn't a matter of theory. It's a matter of immense practical, day-to-day impact on everything – from our families and the education of our children, to our work and business lives, and ultimately to our species' survival.

Globalization and the shift to the postindustrial age is bringing great economic and social dislocation. This dislocation is a source of fear for many people. But it also offers an unprecedented opening for new and better ways of thinking and living. It offers us the opportunity to use our vision and ingenuity to help create the social and economic conditions that support our evolution as individuals, as a species, and as a planet.

The chapters that follow point the way to a way of living and making a living that meets human needs and aspirations and preserves the beauty and bounty of our planet.

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# Reflections

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