SOCIETAL LEARNING

AND CHANGE

How Governments, Business and Civil Society are Creating Solutions to Complex Multi-Stakeholder Problems

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ROUTLEDGE

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Solutions to Complex Multi-Stakeholder Problems

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Preface

This is both a big-picture and a little-picture book. It describes how to bring about change in response to big issues such as globalisation, sustainability and inequity. However, as the cases in the book describe, the changes can start anywhere—with a farmer in the Philippines, an employee in a multinational corporation or a government official. This book brings into focus the obscure patterns of a new unfolding world to help people become involved in creating it.

The heart of the book is eight very diverse cases of remarkable change—change of individuals, organisations and society. The diversity of the cases aims to make the change accessible to a broad range of readers. The lessons drawn from these cases provide guidance for readers to achieve their own aspirations for change.

The paradigm shift in response to economic globalisation and environmental crises is not simply something we have to do. It is something that we *are doing.* It is complicated work, but it is absolutely achievable. It is work that, as the cases demonstrate, engages people in diverse positions in society and with very different viewpoints. Being a leader in the paradigm shift does not require a leadership position—but it does require a self-image of being a leader. In the words of my colleague, Joe Raelin, it requires *leaderfulness.* Everyone acts as a leader.

Wherever you are, you can make a contribution to shifting the paradigm through a societal learning and change strategy. As this book suggests, the critical contribution is creating new relationships between people and organisations that traditionally would not interact but in fact have common interests. When these relationships become meaningful by addressing a problem or developing an opportunity, people begin to learn about each other and develop mutual appreciation and understanding.

Often this process is complicated and confusing. People do not use words in the same way even if they speak the same formal language; they do not learn or perceive the world the same way although they share a common culture; their organisations have diverse goals, resources and weaknesses that make working together

problematic. However, it is these very differences that are the source of the value of working together. This book aims to facilitate working through differences to work together successfully. It identifies some of the differences as sources of tension and opportunity and describes the development processes of building relationships that can produce mutually rewarding innovation that was unimaginable at the start of the relationship.

Chapter 1 introduces the concept of societal learning and change by breaking it into its core components: society, learning and change. It suggests that the type of deep change needed in response to many of today's major issues requires change in individuals (ourselves), organisations and societies—and that to focus on only one of these will result in failure. It also emphasises the importance of understanding diversity, and proposes that there are three archetypes that are particularly important to respect.

Chapter 2 may not interest everyone. It is a look at the historic development of the concept of societal learning and change (SLC). The concept is presented as a response to the fundamental movement to increased individual, organisational and societal diversity, and the need for us to hold together as common humanity.

The next chapter contains the cases themselves. These include two global cases (which people can readily participate in wherever they are), two cases from North America and four from Southern or developing countries. Often innovation occurs at the periphery of centres of power, as people are more pressed to innovate given their meagre resources. These cases also cover a range of issues and industries, including forestry, agriculture, infrastructure and banking.

Chapter 4 takes a deeper look at what exactly has changed in the cases. In particular it focuses on the concept of 'organisational sectors'—familiarly described as business, government and non-governmental organisations. As the chapter describes, these three sectors are grounded in individual archetypes, and therefore it is critical to recognise that change must address the needs of both people and organisations.

The motivations and forces for change are presented in Chapter 5. These are levers to stimulate and promote deep change by not just framing change as being in the interests of individuals and organisations but by creating synergies among them so they can support each other in the change.

The process of change is described in more detail in Chapter 6. It is broken into three stages of development, and key questions to address are identified for each stage. In addition, six classic mistakes are described. In Chapter 7 the structures of the new arrangements are described. These are inter-organisational relationships, separated into four different types. In effect, these are new networks that cross many divides of interests and demographics.

The lessons from the cases are summarised in Chapter 8. There are nine that may be succinctly summarised as emphasising the importance of empathetic relationships. Chapter 9 in conclusion looks to SLC strategies as being of increasing significance, given the increasing complexity of challenges and opportunities. Four core principles for operating in the SLC world and their implications for both human development and production systems are described.

The case studies are core reading. However, readers should feel free to dip into different parts of the book, and start with what you find most interesting. The best way to learn is to follow your curiosity and passions!

Chapter 1
Responding to crisis and opportunity

> Smart companies are recognizing that the most effective way to leverage change in our interdependent world is through common endeavor with others. (Charles O. Holliday Jr, Chairman and CEO, DuPont, Stephan Schmidheiny, Chairman Anova Holding AG, and Philip Watts, Chair, Committee of Managing Directors, Royal Dutch/Shell, authors of *Walking the Talk: The Business Case for Sustainable Development*).

> [The business and community-based organisations involved in fair trade are] . . . capturing a willingness of the world to move forward. (Raul Hopkins, International Fund for Agriculture Development, interview with author, 2001).

The people behind these statements inhabit very different worlds. The first are major business leaders who are talking about a source of success of their organisations with respect to sustainability. The second quotation comes from a person who grew up in poverty in Peru, works for an inter-governmental agency to address poverty and is talking about the complicated work of fair trade. But both are describing critical elements of the profound society-wide innovation that is essential in order to address the major challenges that confront us. This innovation is reconstructing our world by creating an intricate network or web tying together diverse organisations into a new governance structure that is generating innovation and producing societal learning and change.

SLC (societal learning and change) is taking place when:

- The World Resources Institute and other civil society organisations around the world join together in The Access Initiative to work with governments to give life to a widely ratified United Nations accord that makes participation a primary ingredient in environmental decision-making.

- In Pittsburgh in the United States a bank and local community organisations, with supportive government legislation, find ways to provide loans on a scale that transforms a community's opportunities and yet makes market-rate returns.

- After years of pitched battles, major forest companies, environmentalists, small communities and indigenous peoples on the Pacific Coast of Canada create the Joint Solutions Project to develop their future together.

- The French multinational Ondeo (formerly Suez Lyonnaise des Eaux), the South African non-governmental organisation Mvula Trust, other local companies and communities work together to create sustainable water systems for the rural poor.

- In the Philippines the local subsidiary of the American food giant Dole Foods, local small farmers, a non-governmental organisation (NGO) and the government work together to provide rice for the finicky Japanese market.

- Companies and civil society organisations around the world join together in the GRI (Global Reporting Initiative) to develop and apply an economic–social–environmental reporting framework.

- Major corporations, government and community-based organisations in Bangalore, India, produce agriculture and food-processing innovation.

- The Madagascar government transfers responsibility for roads to Road Users' Associations—NGOs newly created with the support of the United States Agency for International Development.

SLC is about changing relationships in profound ways and producing innovation to address chronic problems and develop new opportunities. These are not just interpersonal relationships, but relationships between large sections of society. Both the depth and breadth of the learning and change that SLC encompasses are unusual. SLC initiatives develop the capacity of a society to do something that it could not do before; they do the same thing for participating organisations.

The realignment involves changing relationships between the core systems of society—economic, political and social represented respectively by business, government and civil society. The goals of the organisations involved are varied: increasing profits, addressing environmental degradation, increasing equity, developing new products and markets, community development . . . But SLC always involves bridging the differences between business, government and community-based organisations (CBOs: see Box 1.1 for definitions of CBOs and civil society). By working together voluntarily, each participating organisation achieves its own goals by changing its relationship with others to co-ordinate their actions and create synergies. SLC is driven both by each group's goal and by a vision of how to build society's capacity to achieve a jointly valued societal goal.

One grand example of SLC is the transformation of South Africa from an apartheid society. To create a racially integrated society requires substantial change in not just the racial complexion of business, but the ways business works with non-whites as employees and customers. Similar to the ending of slavery in the US, ending apartheid restructured the economics of production. For government the end of apartheid meant substantial change in policing and justice systems, and rewriting of the basic governing document—the constitution. And for civil society the change meant shifting from a position of adversary to partner with other parts of society. With all this change, social structures become more closely aligned with the desires of its citizens and its potential for improving their welfare is substantially enhanced.

Civil society is a term in common usage almost everywhere in the world except the United States. The root of the term dates to Greek and Roman times, when it was equated with the state and government organisations. Today the term is used in two ways. Some use it to describe the totality of society and the interactions of its components. In this book it refers to a group of organisations that are 'a domain parallel to, but separate from, the state—a realm where citizens associate according to their own interests and wishes' (Carothers 1999). In this usage, the interests of the state are understood to be distinct from citizens' interests, even though democratic institutions aim to bring them into alignment.

   The primary interest of the state is to maintain law and order. That of civil society is the achievement of community justice. 'Community' in this sense refers to communities of interest that may or may not be geographic—a neighbourhood group is obviously geographic and formed around the neighbourhood's interest; Greenpeace is global and formed around the issue of the environment. Although they are often associated with progressive values such as participation, accountability and transparency, they are not always progressive—in fact, they are very often protective of traditional values. For example, the Ku Klux Klan is a civil society organisation.

   Community-based organisations (CBOs) are sometimes referred to as the voluntary, third, or independent sector. CBOs are often associated with non-governmental organisations (NGOs)—for example, environmental and neighbourhood groups—but they also include unions and churches. In the United States CBOs are often referred to as 'non-profits', but this term is simply a legal attribute among other attributes that these organisations often (but not always) possess. Moreover, not all non-profits are CBOs. See Chapter 4 for more information.

Box 1.1 Community-based organisations and civil society

By being aware that an initiative is an SLC one, you can substantially enhance its potential for success. SLC provides you with a framework for addressing complexity within a peer-based culture. Frameworks such as corporate citizenship and social responsibility, public policy, community development and corporate citizenship, treat communities, government or business as a privileged centre. In contrast, the SLC framework is one that emphasises 'we're all in this together', that no organisation is privileged and that all are interdependent. With this simple recognition, important barriers to success are overcome and innovation can arise on a grand scale.

   SLC is occurring around the world. The examples in Chapter 3 reflect this: one each in Canada, the United States, South Africa, the Philippines, Madagascar and India, while two are global.

   As well as being geographically widespread, SLC is happening on a variety of scales and with a variety of targets. The American banking example is organised around community-level concerns; the forest company and the Philippine rice project focus on industries and products; the South African development concerns public infrastructure for water supply and sanitation; and two further cases are global change strategies.

   Rather than thinking of stakeholders *vis-à-vis* an organisation, SLC initiatives are stakeholders *vis-à-vis* a jointly defined issue. Each of the examples involves multiple organisations that *own* the issue. Initiatives often begin with a particular organisation, but success is indicated by transforming them into initiatives that are owned by multiple stakeholders. For example, before becoming independent the global SLC

example of the GRI was nurtured for five years as a project of the NGO CERES (Coalition for Environmentally Responsible Economies). During that period ownership was expanded to include hundreds of organisations which jointly own GRI.

The SLC framework provides a disciplined way to approach complex and large-scale change issues. Whatever the change target, SLC action must follow processes that many find onerous. Initiatives need to be clearly outcome-focused and accountable to objectives. Discipline is a critical part of success, but so is experimentation and visioning. You must not think of these potential dichotomies as being in conflict, but rather as different facets of the same diamond. Without an SLC mindset that encompasses paradoxes, ambiguity and learning, SLCs have consumed hundreds of millions of budgeted dollars and innumerable person-hours with poor or mediocre outcomes. Clear, quantitative goals supported by learning processes that build knowledge and capacity for success are critical ingredients.

People find SLC inspirational because it connects their personal highest aspirations to their work of achieving what their organisations value. The tension between the quest to express our highest individual aspirations and the need to do organisationally valued work is an important driving force in producing the important large-scale change and innovation associated with SLC. The SLC approach is about creating the world that we intimately sense is needed, wanted and possible. SLC work holds the design of our visions in creative tension with the reality of what is, and closing the gap.

Higher aspirations include the desire to create wealth more broadly, address sustainable development, see justice and equity, and bring about peace. These were present in all the examples, but so were other more mundane aims about profits and maintaining the support of participating organisations by addressing short-term needs. In comparison to plantation traditions in the Philippines example, small farmers and Dole Foods have developed an agreement that reflects enhanced approaches to worker safety, the environment, and financial equity. The agreement involves core production issues such as how they work together, what they will do for one another as parts of the production chain, and how profits will be divided.

People are also inspired by SLC because it provides a way to work through problems and develop opportunities that are enormously complex and on a scale that can be paralysing. Of course, SLC is complicated and difficult to undertake successfully but, despite its youth as a concept, important knowledge and tools are already developing. And the more that people develop SLC initiatives, the greater the number of tools and capacity.

The core ingredients: society, learning and change

The SLC framework builds on individual, group and organisational learning and change approaches. In fact, SLC *requires* individual, group and organisational learning processes, since SLC success involves development of new individual and organisational capacity. These learning and change traditions are deep and rich, and provide a good strategic base and toolkit for SLC. However, with SLC there is the

important additional level of society and this level has its own unique challenges and requires distinctive tools, knowledge and action.

The SLC framework also builds on the idea that there are basically three different types of individuals and organisations in the world, and these form three different types of *organisational sectors* and *societal subsystems.* Together, these create the SLC change challenge matrix presented in Table 1.1 and further described in Chapter 4. To produce SLC requires successful action at all the levels from individual to societal, and in two or, more often, three of the systems. The challenges produced by deep interaction between these systems are key to generating the deep and broad type of change that is distinctive of SLC. Those challenges help reveal unrecognised assumptions and allow combining unusual resources from the distinct systems in innovative ways.

Societal	Political systems	Economic systems	Social systems
Sectoral	The state sector	The market sector	The social sector
Organisational	Government agencies	Businesses	Community-based organisations
Individual	Mentally centred	Physically centred	Emotionally centred

TABLE 1.1 The societal learning and change challenge matrix

Regardless of the change target—community, industry, infrastructure or global action fields—SLC involves working with many individuals and dozens to literally thousands of organisations that do not have historic connections. This reflects the maxim that successful change efforts engage those who will be part of the change in defining the change, rather than simply acting on them. In the case of SLC, this means significant change with organisations in at least two of the three societal subsystems and the way they relate to one another. The political subsystem comprises government and its agencies that focus on setting the rules of the game and enforcing them; another is the economic subsystem, which is made up of businesses focusing on wealth creation; and the third is civil society and its organisations, which focus on promotion of their sense of justice and community well-being. Participants in SLC initiatives must understand their relative positions within the societal systems—and their core logics—to be able to work together effectively.

Of course there can be large change within any one of these three subsystems with relatively minor repercussions on the others. For example, the reorganising and integrating of the entertainment–communications industries is having an enormous impact on the structure of our economic system, but much less effect on our social and political ones. Admittedly *intra*sectoral changes can be complicated, but SLC is much more complex because of the diversity of the organisations involved. SLC in the case of the Pittsburgh bank and community, for example, required interaction between the economic, social and political systems as seen by the collaborative actions of NGOs, government agencies and banks.

SLC goes beyond the traditional protest, advocacy and lobbying of business and civil society organisations. Rather than people in one group telling others that they

must change, in SLC all parties accept responsibility for changing themselves and their own actions to address the focal issue. They get together as stakeholders in the issue to jointly innovate to produce the change.

For any particular issue or opportunity, a societal perspective may arise in two different ways. For those who have a broad understanding about societal relationships and its subsystems, it might be present from the beginning. However, usually a problem or opportunity does not initially look as though it will involve societal change. Much more often this perspective arises as people persistently work to address a problem or develop an opportunity. They gradually develop an understanding that the barriers to success involve one of the other three societal subsystems. This can lead to them giving up because of the scale and complexity, or making some tentative futile attempts to bring about change with the conclusion that 'nothing can be done', or to a sophisticated SLC strategy that meets the scale of the challenge.

The strategy can include a range of actions. Traditional lobbying of government is a relatively primitive example of an SLC strategy; more sophisticated instances deal with the question of how to combine distinct weaknesses and strengths inherent in the subsystems to optimise outcomes. In the South African example of creating water systems for the rural poor, the SLC strategy overcame several traditional weaknesses such as government red tape, businesses' inattentiveness to long-term impacts and communities' lack of capacity to develop water systems on their own. That case also brought together government's competence to create a supportive operating environment, businesses' technical production acumen and civil society's ability to build capacity in communities to take charge.

Often the discovery that an issue involves SLC is demonstrated through changes in the definition of a problem or opportunity. On many occasions this change in definition is itself a key goal. Redefining 'the problem' was a core part of the process behind the global SLC The Access Initiative (TAI). Rather than simply telling government and business what to do, NGOs realised that one barrier to addressing environmental concerns is that government and civil society do not know how to work together very well, and a solution requires working together in new ways to access each other's core competences.

Learning as an ongoing process, and a spirit of continual exploration and discovery are part of SLC initiatives. Learning is important because these initiatives are complicated, they require capacity-building since few people have experience with them, and they must develop new knowledge since SLC as a concept and its supportive tools and processes are still in an early stage of development.

Although evaluations and assessments are popular and constitute learning-related activities, on their own they can easily undermine the learning approach that is needed for an SLC. One reason is that evaluations are often deflating, 'error-seeking' processes rather than generative learning ones. In SLCs, error- and blame-seeking approaches can be particularly problematic for two reasons. One is that SLCs depend on numerous organisations working together voluntarily in a network rather than a hierarchy, and blaming can easily result in an organisation simply leaving the collaboration. Punishments for exit are few, and participants must be attracted to stay. Another problem with evaluations on their own is that, due to the different languages of the three systems, conversations are complicated and the

potential for misunderstanding is great. In one SLC meeting a physical fight almost broke out over the different uses of the word 'goal', which business tends to associate with reward-related short-term performance outcomes and civil society uses more loosely to describe a range of acceptable medium- and long-term outcomes.

From individual and organisational learning we know that there are basically two learning approaches and both of these are useful in SLC initiatives. One is experience-based and draws from the past. David Kolb popularised this as a cycle of experience–reflect–conceptualise–plan (Kolb 1984) (see Fig. 1.1) and it has resulted in tools such as 'after action reviews'. 'Experiencing' refers to looking at what is happening, data gathering and information production. 'Reflecting' is thinking about what the data means and turning it into knowledge, often through a group discussion. 'Conceptualising' turns the reflection into ideas about what to do differently. And 'planning' is putting the new learning into a new action plan.

3. Conceptualisation
What does it mean?

4. Planning
What will happen next?
What do you want to
change?

2. Reflection
What did you notice?

1. Experiencing
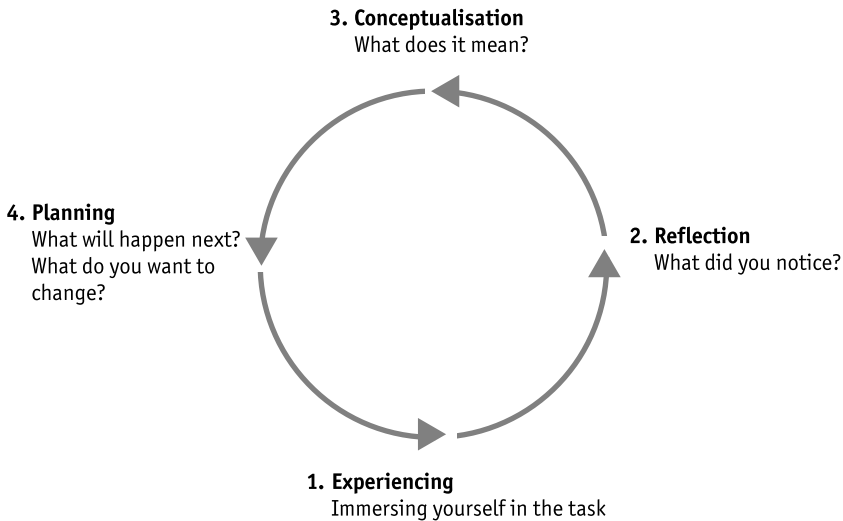Immersing yourself in the task

FIGURE 1.1 The learning cycle

Source: www.css.edu/users/dswenson/web/pagemill/kolb.htm

This emphasises the importance of creating processes and routines that support these distinct stages of learning. It suggests that activities should be accompanied by documentation of what is actually done, and specific time be set aside to review it as a group. These reviews might be set on a calendar basis, or around a particular time in a project cycle. Learning histories can be a useful tool. In the Pittsburgh banking case, this process produced a 'live' document that recorded major decisions and milestones.

This learning approach is usefully grounded in what happened, but the past orientation has limitations. Future-oriented processes are particularly important in SLCs. Together these processes actively connect aspirations and work. Future-

oriented learning is focused on possibilities rather than experiences. Planning tools such as scenario planning can be useful, and a whole set of such tools, sometimes described as 'large group/system interventions', is particularly appropriate for SLCs (Holman and Devane 1999).

Putting together the learning and the change parts of SLC is core SLC activity. Learning is happening all the time, but it is of negligible importance if it stays with a small group of individuals or in a little-read academic manuscript. SLC emphasises the value of connecting learning to change. Change is always happening all around us, but it usually feels as if it is happening to us and driven by an inexorable confusion of forces rather than as something that can be consciously guided. On a global level, this is the essential critique of opponents of globalisation, who sprang into public view with demonstrations against the World Trade Organisation at Seattle in 1999. Essentially they were saying that they had not been engaged in defining the direction of economic change, and that its design had been restricted to those with economic as opposed to social or political system concerns. This situation indicates that there was inadequate attention to the 'system boundaries'.

Defining system boundaries means identifying two change dimensions that are particularly important for SLC stakeholders in the action domain. One is the dimension of breadth. This dimension raises questions about the definition of the action domain (Trist 1983) and *who* is affected or could be usefully engaged by the change issue. As described earlier, this might be people and organisations associated with a community, an industry, a specific infrastructure or a global issue, as is common with environmental issues. In the Philippine case, Dole Foods did not traditionally involve small farmers and NGOs in its production; rather, its history is with company-owned plantations. However, land redistribution in the Philippines led the company to rethink the possibilities and bring into its action domain an NGO and small farmers. This reflects a characteristic SLC redefinition of the 'who', which is often critical for innovation. It also often involves creating a structure for traditionally ignored voices to be heard.

The other change dimension is one of depth. This is often classified into three categories: single-, double- and triple-loop learning (Argyris and Schon 1978; Nielsen 1996) paralleled with first-, second- and third-order change (Bartunek and Moch 1987). The 'loops' involve increasingly deep learning and reflection, and 'orders' are ever-deepening change.

First-order change involves change within the current rules of the game. For example, changing the quantities in a quota system describes a single-loop learning model of change. Something has changed in the operating environment—maybe an industry voice has become louder or imports have grown—and a change in the quota quantity results. The quota system and the way quantities are defined are accepted. The only variable is the number.

With second-order change, the basic decision-making framework remains the same although its structure changes. In the quota example this might mean applying quotas to an import that had never been subject to them before.

SLC always involves third-order change, in which the basic structure and decision-making framework are changed. To carry on with the quota example, third-order change would be reflected in throwing out the quota system altogether with the