1.1 Introduction: Transforming the Enterprise in Society

A NEW BUSINESS AND SOCIETAL IMPERATIVE

The time has come to fundamentally rethink the way in which organizations are run. This includes rethinking how organizations contribute to their societies. It also takes into account how individuals, like you, within such organizations engage with both these enterprises, whether public, private or civic, and also your communities. And it includes ultimately how this whole process can be further enhanced, through social – alongside technological – innovation. Why? The world’s economic and socio-political landscape has changed dramatically in less than a generation. Climate change (and its concomitant economic and social consequences) calls upon us to acquire a new understanding of nature and its impact on organizations. Food insecurity, global pandemics, failures of democratic governance, transnational crime and corruption, energy and – most especially in the autumn of 2008 – financial crises, as well as ‘civilizational’ schisms, unprecedented inequity and grinding poverty, migration and mal-integration, and altogether intractable conflict, are increasingly interlinked and globalized in their causes and consequences.

Further, and specifically on the business front, the above-mentioned credit crunch, corporate and credit scandals, consumer activism and globalized civil society, as well as mobilization against certain corporate practices, are putting unprecedented pressures on all forms of enterprise, and obliging corporations to reorient their interaction with nature, their employees, consumers and civil society, if not to re-examine the workings of the economic and financial systems as a whole.

These challenges demand fundamentally new responses from all institutions, as well as from the educators and consultancies that serve them. To the extent that every individual, organization and community reaches its limits at one point or another, the financial system above all at this point of time, so the needs for ongoing renewal of each, that is each according to its particular nature and culture (Anglo-Saxon in the current financial case), is the overall imperative Transformation Management addresses.

FROM TECHNOLOGICAL TOWARDS SOCIAL INNOVATION

In this turbulent context then, ‘business as usual’ is proving increasingly problematic. As a result, managers, leaders and activists have to fundamentally review the way they design,
build and run organizations. Business with its enormous societal impact, in association with public, civic and environmental enterprises, will have a critical role to play in this process. And socio-economic innovation will need to accompany the hitherto much better known technological equivalent.

Organizational and societal leaders alike are reviewing conventional management (inclusive of change management), leadership and entrepreneurship to come up with more effective and ‘sustainable’ – approaches to engaging with today's burning issues. We argue that this current incremental approach is no longer enough. There is a need to fundamentally challenge our current understanding of all of such management, leadership and entrepreneurship paradigms, and to take appropriate action as a result. Why so?

IN SEARCH OF A NEW FORM OF INTEGRAL ENTERPRISE

We need to engage in a fundamental challenge of the existing paradigm by investigating how a specific enterprise needs to be designed and run, in order to contribute to the sustainable evolution of the particular society in which it is lodged. We are therefore not In Search of Excellence, the famous management book of the 1980s by Peters and Waterman, but in search of a new form of Integral Enterprise that emerges out of a particular culture and society. In doing that, we need to tap into a wide range of knowledge sources, from anthropology to economics, from ecology to political science, and shall not limit ourselves, to the conventional range of disciplines, typically consulted when it comes to the functioning of an organization. These usually are economics and management, behavioural psychology and perhaps some sociology. By reviewing the relevant knowledge base we are simultaneously also redefining the disciplines of management, on which principles modern day organizations are built and, as we shall show, not only in the private sector of society. Over the course of this book, we shall illustrate, how limited is the knowledge base, on which management is built, and how the discipline itself needs to be fundamentally challenged and renewed. Transformation Management, the approach we introduce here, makes an attempt to transcend conventional management, fundamentally, and in context.

In our transformational journey, in redefining management and enterprise we shall engage in a fourfold process which allows us to build the new enterprise upon knowledge acquired from four different sources: nature, culture, science and management itself. The knowledge of all these four sources will be integrated in the new relevant knowledge base of the organization. Furthermore, we shall disclose the core transformational principles that we identified within nature and culture. Such principles enable human enterprise to engage in continuous renewal, as nature has been able to do for billions of years, and some civilizations, like the Australian Aborigines before the Europeans intervened, for thousands. Hence, before we look at the actual functioning of the enterprise, which conventional management deals with in a rather narrow way, we shall first look into what we can learn from nature and culture.

Based on nature, culture and science, as well as management, we are ultimately engaged in renewing the very base of management itself, now significantly enriched. Nature, culture, science and (renewed) management, then all serve to contribute to a new integral design of the enterprise. We call such an Integral Enterprise. Figure 1.1 provides a first overview of such.
In what follows we review the core principles and recent developments in what we term Transformation Management, that ultimately gives rise to such an Integral Enterprise. We thereby also identify the necessary evolutionary steps, which lie before us, drawing on a wide variety of cultures and disciplines. We shall also particularly highlight the challenges current day enterprises are facing. We start with nature, and with transformation.

1.2 Revisiting Nature: A Transformational Perspective

THE ENTERPRISE AS A LIVING, INTERCONNECTED SYSTEM

Most people think of sustainability in terms of saving the planet. Goerner argues that we need to change our societal dream from a late-modern nightmare of untrammelled greed (as recently magnified by scandalous bonuses in the financial world) to an integral prophecy of sustainable vitality achieved by following nature’s own plan for healthy development. She and her colleagues show how today’s shift from modern to integral society mirrors the last shifts from the Renaissance, Reformation, Scientific Revolution and Enlightenment already under way.

For Peter Drucker, every few hundred years in Western history there occurs a sharp transformation. Within a few short decades, society – its world-view, its basic values, its social and political structures, its arts, its key institutions – rearranges itself. We are currently living through such a time. Each great change, moreover, produced a new system of society, organized around what philosopher Stephen Pepper calls a new...
world hypothesis, a new vision of ‘how the world works’, which is itself woven around a root metaphor. Medieval society, for example, built itself around the metaphor of ‘God’s Design’, a hidden, organizing, master plan guiding all things. Its successor, modern society, saw the rise of the ‘machine’ metaphor, a logical system of material parts connected by mechanical cause and effect. Yet nowadays integral reformers are reweaving civilization around the image of an ‘ecosystem’, or web, symbolic of our interconnected age, in our terms, moreover, such a web being constituted of diverse natural and cultural nodes.

Interestingly enough, in a recent book by American biologist and psychologist, David Loye, it has been thought, then, for over 100 years that Darwin only identified two major principles of evolution, Natural Selection and Variation. Of course he also claimed Sexual Selection was another major factor, but there is yet another major principle of evolution he identified, that has been totally ignored. In essence it was one, which today we identify in terms of ‘self-organizing processes’. Expanding in subtlety and power from the animal to the human level, Darwin probed the dimensions of what today is being explored at the leading edges of science and spirituality as the great new prospect for understanding not only learning but even more so conscious evolution – or of how we can not only more effectively better our own lives but also the lives of all of us. It is the challenge of how each one of us, once so awakened, may serve our species and all species as evolutionary outriders for the surge into the future.

1.3 Revisiting Culture: A Transcultural Perspective

THE CHALLENGE OF MOVING BEYOND A MONOCULTURAL PERSPECTIVE

It is taken for granted, at least in most business schools, that management, as an overall concept, does not vary from country to country. For Peter Drucker and other management thinkers, management is universal. That is why management is management, all over the world, and why the Masters of Business Administration (MBA) is a standardized MBA. It has remained a largely unrecognized fact that management remains a predominantly American discipline, as is leadership and entrepreneurship.

Drucker, however, argued that the way the managerial work is done is strongly influenced by national traits, traditions and history. He regarded management as a social function, embedded in a tradition of values, customs and beliefs, and in governmental systems. Management is – and should be – culture conditioned. In turn, managers and management shape culture and society. Thus, although management is an organized body of knowledge, and as such is applicable everywhere, it is a ‘culture’ in itself, and is therefore not ‘value-free’. That having been said, most of the examples that Drucker cites of leading management thinkers or of exemplary organizations are Anglo-Saxon: American and British. And while the word management is centuries old, its application to the governing of an institution is a particular American achievement. Drucker actually never builds upon the cultural approach that he had initially proclaimed. He, like most management, leadership and entrepreneurship theorists, remained a universalist in his monocultural approach.

Hence, most leading management thinkers leave us somewhat confused as to the extent to which they see management as universal in its nature and scope. What is clear is that their major reference points, theoretically and practically, are American. An MBA
in Beijing today is pretty much the same as one in Boston. There is an understanding that cultural conditioning may affect the conduct of business, but certainly no hint that the very concept of management in itself as taught in the respective business schools may need to vary in accordance with the societal sector or the culture to which it is applied.

1.4 Revisiting Science: A Transdisciplinary Perspective

THE SOCIAL INNOVATION CHALLENGE

The trends in the fields of entrepreneurship and enterprise, which we introduce later in this chapter, have indeed transformational potential. And yet, that having been said, the ‘social situation’ in the world is increasingly deteriorating – while, incidentally, the ‘technological situation’ is thriving. In short, notwithstanding the evolution of entrepreneurship in the past decades, particularly in the arena of social entrepreneurship, there remains a sincere lack of social innovation. What we mean by such ‘innovation’ is that the very structure and functioning – as opposed to merely the values and practices of the micro enterprise and of the macro economy that surrounds it – needs to be transformed fundamentally. This has not yet happened.

In other words, there is no fully-fledged social equivalent to technological innovation in the corporate world. Moreover, in the academic world, so-called research methodology is completely disconnected from research and development, while the social sciences languish behind the natural sciences when it comes to innovation.

THE CHALLENGE OF BUILDING INNOVATION INTO THE ORGANIZATION

The need to be innovative is emphasized in every book on management. But beyond this the books have little to say about what management and organization needs to build upon, to direct, and to actualize such social innovation. Most attention is given to business administration – what a strange term to have settled upon – and the core educational platform for that is the MBA. Not enough attention is given to promoting such innovation, and no thought has been seemingly given to the evolution of socially oriented research and development to accommodate such.

Initially, there were good reasons for this mismatch. When management first became a concern in the early years of this century, the great need was to learn how to organize, structure and direct the large-scale human organization that was suddenly coming into being. Innovation was seen as a separate job, usually the job of the lone ‘inventor’. Or else it was a predominately technical concern, that of ‘research’. Now however, we have entered a time of change. While there are newly proliferating technological changes, the need for innovation will be equally great in the social field.

FINDING AN ORGANIZATIONAL FRAMEWORK FOR SOCIAL INNOVATION

The oldest example for institutionalizing innovation, though again not social innovation, within a business corporation, is probably the development department at Du Pont founded in the early 1920s. It is not only a research department – Du Pont has a big, separate research laboratory. The job of the former is to develop new businesses – production,
finance and marketing are as much its concerns as technology, products and processes. 3M has done the same. The closest we have come to a more broadly based approach to building social innovation into the organization is the work on organizational knowledge creation. We shall see explicit thinking related to such in Chapter 10, but here we still focus on Drucker's thinking.

MOVING FROM KNOWLEDGE MANAGEMENT TO KNOWLEDGE CREATION

The productivity of every developed society, for Drucker already in the 1970s, depends increasingly on making knowledge work productive and the knowledge worker achieving. Such new knowledge work is carried out in large, complex, managed institutions. A main challenge to managing work and working is the arrival of what he terms the employee society and the emergence of knowledge work at the centre of so-called post-industrial society. However, Drucker fails to review the actual functioning of a business in that light. But how would an organization have to be designed to move from knowledge management to knowledge creation? And what has been the response to that from the management educational establishment?

MAKING THE SOCIAL SCIENCES AND HUMANITIES EXPLICIT

The problem was that Drucker and most management thinkers who followed him have never been explicit about the range of the social sciences or the humanities, upon which they have drawn. Though Drucker was implicitly transdisciplinary in his approach, drawing to some extent on psychology, sociology and political science, his primary focus was upon his own discipline, that of political economy. As such he patently failed to draw, for example, upon anthropology, philosophy, religion or indeed ecology, as has been the case for management thinkers since, at least until, very recently.

BROADENING THE BASE OF MANAGEMENT EDUCATION

For Drucker then, management is not only codified experienced but also an organized body of knowledge. However, he does not identify where that knowledge comes from, in relation to the social sciences that underlie it. He himself, as we have said, was a political economist, which invariably influenced his approach to management.

For him, our society in the twentieth century has become a society of organizations. Organizations depend on managers and once they grow beyond a certain size they need professional managers.

Drucker, though, leaves us in a state of doubt as to the primacy of business's role in society; it remains unclear to which extent its economic functioning is exclusive or inclusive of its broader psychological and social orientations, given that Drucker, at least in the 1970s, was by and large oblivious to environmental factors. Social problems, for Drucker, are to be seen as business opportunities. The most significant opportunities for converting social problems into business opportunities, for him, may not lie in new technologies, products or services. They may lie in solving social problems, that is, in social innovation which then directly or indirectly benefits and strengthens the company or industry. However, this agenda is still to be taken forward, as we argue, by new forms of enterprise, designed to bring forth social innovation. Drucker implicitly agrees with
this argument. Though he introduced the notion of the ‘Accountable Enterprise’, which he considered to be a more appropriate term than the overused ‘Free Enterprise’, he maintained that rather than developing new laws for business in society there is a need for a new enterprise model.

Given the fragmented and unsustainable states today’s social systems are in, we argue, that a new enterprise model, that transcends conventional management, needs to put a particular emphasis on ‘integration’ and ‘integrity’. The past decade had been full of disaster stories (e.g., Enron, WorldCom) caused by the lack of personal integrity of (primarily) business enterprises.

Such brings us to review the current state of the functioning of an enterprise and the underlying management education. Moreover, in the course of ultimately transforming management, from an additionally ‘transpersonal’ perspective, we seek to build on our prior transformational, transcultural and transdisciplinary orientations.

### 1.5 Revisiting Management: A Transpersonal Perspective

**THE CHALLENGE OF TRANSFORMATION: MOVING BEYOND ‘PROFIT WITH PRINCIPLES’**

The influential work of Harvard’s Ira Jackson and Jane Nelson on *Profit with Principles* reflects the value based expansion of traditional business towards a more intense engagement with society. There are many other authors who argue that a new set of values would solve the problems. Consequently, for example, codes of practice (e.g., in Corporate Ethics and Corporate Governance) have emerged worldwide. However, the moral codes provided by such expanded perspectives fail to provide a new structure and functioning of enterprise and do not challenge the current economic functioning of society. Moreover, they patently fail to take account of a particular organization or society, be the latter Singapore, Senegal or Sri Lanka.

By ratifying such thereby generalized codes and promoting their corporate social responsiveness accordingly, many corporations feel that they have done everything to comply with international business standards. A true evolutionary impulse is missing, one which would serve to evolve, on the one hand, both the micro structure and functioning and the macro economy and environment of business, and, on the other, a particular individual, organization and society, simultaneously and interactively.

**REVISING ENTREPRENEURSHIP EDUCATION**

According to Professor of Management Thought Ellen O’Connor, based at the University of Paris Dauphine, more and more business schools, like Harvard and Duke in America and Oxford University in the UK, have been establishing social entrepreneurship centres, which she terms HPSE (high profile social entrepreneurship). These HPSE centres reside in the elite business schools, which need to keep up with the latest trends, applied, as such, across the board, to all people and places, monolithically. They have grown out of the ‘new economy’ of the 1990s, when wealthy entrepreneurs, like Bill Gates and Geoff Skoll, have engaged in venture philanthropy, promoting, for example, social venture competitions at business schools. Such high-profile programmes, however, are still based...
on the neo-liberal paradigm, focused on the role of self-regulating markets in providing not only increased individual wealth, but also general improvements in society generally, as opposed to a society, particularly. So there is no specific innovation and overall transformation.

The retreat in many places of the ‘welfare state’ arguably contributes to this social entrepreneurship trend, serving to uphold the notion that social benefits, including social goals such as poverty reduction, environmental protection, health care and meaningful employment are best produced by a kind of market activity. Thereby ‘social entrepreneurs’ combine resources with a view to delivering goods and services, which provide social improvements and change. Ultimately, so we argue, such HPSEs do not promote transformation. They are still rooted in a primarily economic paradigm, whereby the standardized market rules. They have not reconceived of themselves in a cultural as well as natural, political as well as economic light. In short, social entrepreneurship is still too close to the notion of ‘Western’ economic entrepreneurship.

MOVING BEYOND A PURELY ECONOMIC ORIENTATION

At the same time, and increasingly, entrepreneurial-minded non-profit leaders are bringing the tactics of the private sector to the task of solving social problems. This approach operates within a conception of entrepreneurship that makes legitimate a representation of social problems as economic ones with business solutions. Social entrepreneurs have the same core temperaments as their industry-creating peers but instead use their talents to solve social problems. So indeed claims William Drayton, the founder of the well-known and duly admired Ashoka, the worldwide network for such social entrepreneurs (www.ashoka.org). Most authors on social entrepreneurship follow an old pattern of individual entrepreneurship, albeit now in a social context. Hence, ‘social entrepreneurship’ retains (unconsciously) its business and economic pre-emphasis, in theory if not also in practice, and fails to clearly differentiate the political and economic, cultural and environmental nature and scope of its new activities. That leads us to the next critique.

REDEFINING THE ‘SOCIAL’

Recent attempts to either expand existing notions of entrepreneurship, as in the case of the private sector, or to introduce additional forms, all have one thing in common: They are trying to respond to a deteriorating ‘social climate’ and to address developmental issues in societies. In these attempts the term ‘social’ was used in a rather undifferentiated manner in that it includes ‘all that is not economic’. Such prohibited original thinking, that not only reconceived of the economic dimension (as does Yunus’s concept of a Social Business), but also the other dimensions of society.

NOT FALLING INTO THE ‘LEADERSHIP TRAP’

The idea now that personalized and thereby generalized (in fact largely ‘Western’) leadership is an evolved form of management, as is common currency today, is for us an inversion of the truth. As such, it detracts from an authentically transpersonal – self (personal), organizational (impersonal) and societal (communal) – approach to management. Moreover, and for us, the transpersonal functions of management build
on the prior transformational, transcultural and transdisciplinary approaches. In that richly trans-formative context we can see how impoverished the standard leadership and management education has become.

Rakesh Khurana from Harvard Business School criticizes strongly, in his recent award-winning book ‘From Higher Aims to Hired Hands’, not only the lost societal purpose of today’s American Business Schools, but also their unhealthy engagement in ‘leadership’. Khurana states:

... by delegitimating the old managerial order and turning executives into free agents, or individual leaders, they had cut managers off from their moorings. These moorings connected them not just to the organizations they led, and the communities in which the organizations were embedded, but also in the end to the shareholders they were purportedly serving. The resulting corporate oligarchy had no obligation other than to self-interest. Lacking the religious framework invoked by the founders of the modern university-based business school, such as Quaker based Joseph Wharton, or shared agreement about basic societal values, contemporary schools have no meaningful language for civic discourse about the ultimate purpose of these secular institutions. Thus we have been left only with empty rhetoric about leadership or excellence.8

MOVING BEYOND THE INDIVIDUALIST ‘WESTERN’ NOTION OF LEADERSHIP

Not only does such contemporary leadership lack a social scientific and indeed professional base, but also its often sole emphasis on the ‘individual’ reinforces an individualist and materialistic paradigm as well as the consequent growing disconnection between organizational leaders and enterprises on the one hand, and communities and society on the other. This deficiency is what we seek to redress, through (the) Transformation (of) Management.

REVISING THE FUNCTIONING OF THE ENTERPRISE

Peter Drucker, an Austrian émigré to the USA during the Nazi period, has, more than anyone else, ‘invented’ the theory and practice of management in the latter part of the twentieth century. Legendary are his classic texts on Management9 and The Practice of Management.10 For Drucker, with the emergence of the large-scale organization, management represented the keynote social innovation in the twentieth century.

Yet, while the evolution of enterprise has been seemingly going on, the specific structure and functioning of business as a whole has remained largely untouched. That is why we have written this book, to remedy that very situation. Indeed marketing remains marketing, even if the emphasis shifts towards service; and finance remains finance, even though there is talk (as opposed to much action) of natural and social as well as financial capital. This leads us to a critical review of the discipline of management, which has taken over from entrepreneurship, at least in large-scale enterprise. In the process we again reveal the limitations of a primarily monocultural and unidisciplinary, as opposed to transcultural and transdisciplinary approach, to management.
RENEWING MANAGEMENT AS A DISCIPLINE

While its roots go back 200 years, management as a distinct function is particular to the twentieth century, when major social tasks have to be performed by organized institutions – business enterprises, school systems, research laboratories, governments.

However, ever since Drucker put management on the map in the 1950s to 1970s, there has been no enduring social innovation in the way we manage, and indeed no overall structure or process for facilitating such. Why has the need for such a renewal of the discipline of management, though, become all-important?

REVISING THE EXISTING MANAGEMENT EDUCATION

It is surprising to see, that, despite the fundamental flaws of our present day economic system and the enormous difficulties we have in designing truly sustainable organizations, the underlying management education (primarily the MBA) and the theory and practice related to the basic functioning of an organization have by and large not changed over the course of the past 50 years. In addition, this perspective on management education is primarily an Anglo-Saxon Western one. Such stasis has resulted in a major imbalance.

There is, however, increasing awareness, that there is indeed a lack of transformative knowledge built into our management educational systems. We jump from tool to technique, from instrument to initiative. Looking closely, we can see how lost we are in our efforts. While there are millions of workshops on change management, there is hardly one (if any) integral educational programme on overall transformation, which serves to fundamentally review the structure and functioning of the business-in-society. We need to build up a more coherent understanding of such and learn how we can build Transformation Management as well as social innovation into our educational as well as our consultancy processes so that we can make these accessible and appropriate. In the process it is also important that we move beyond a monosectoral perspective.

MOVING BEYOND A MONOSECTORAL PERSPECTIVE

Management, by now, has become an all-pervasive discipline. Originally, it was targeted for a new emerging breed of business administrator, better known as ‘manager’. However, the discipline of management has since been introduced to organizations from all sectors of society. In fact, the way it has been introduced is extremely clumsy, if not altogether damaging to the overall integrity of the not-for-profit organization. Indeed, by implanting such alien, private sector-related concepts and techniques, born and bred in business schools or consultancies, a monosectoral perspective has been reinforced.
1.6 Towards New Forms of Enterprise in Society

1.6.1 NEWLY EMERGING FORMS OF ENTREPRENEURSHIP

Expansion of the traditional notion of private enterprise

The role of business-in-society over the past two decades has come a long way from promoting general philanthropy, corporate social responsibility (CSR) and corporate social enterprise, whereby an increasing number of organizations are putting more and more emphasis on societal engagement. Corporations are reaching out towards culture, education, environment and other fields. Cross-sector partnerships are encouraged, and the term public-private-civic partnership is by now part of a common part of business vocabulary. Business is then reaching out to society at large, as well as vice versa, acknowledging that such engagement is vital in order to ensure its own survival and growth.

A prominent case in point, with which we are directly involved, is the International Business Leaders Forum (IBLF), initially established in 1990 in the UK by the Prince of Wales to promote responsible business practice in developing and transition economies. Working closely with more than 100 large multinational corporations, IBLF is exploring new approaches to developing the role of ‘business in society’, in transsectoral partnership with public, civic and multilateral enterprises. In a recent repositioning, IBLF now argues that business needs to move to ‘the heart of sustainable development’, to the benefit of both itself and also the communities within which it operates. The growing gap between the rich and the poor and the advent of climate change and peak oil and indeed food prices, makes business leaders realise that something more than CSR is required.

A prominent representative of such is Unilever’s current Group CEO, Patrick Cescau, who said in a recent speech on Beyond Corporate Social Responsibility\(^1\) that social innovation, as well as sustainable development need to become joint drivers of business growth. For us such social innovation needs to be seen in the same guise, in a social context, as research and development – both academic and corporate – in a technological one. While, then, the private sector is looking for new and more meaningful ways of societal engagement, the civic sector has developed its own approach: the ‘social enterprise’.

Entrepreneurship in the civic sector: the rise of social enterprise

In the United States today non-profit organizations are the fastest growing category of enterprises. In policy-making and in discussions on how to balance the role of government, business and civil society, social and civic entrepreneurs get central attention. ‘Social entrepreneurship’ is seen to be engaging in many different initiatives, in the health sector, in the environment, among NGOs, in the informal sector in the third world, and in other cultural and social domains. Such new initiatives, over simplistically from our point of view, are viewed as a form of R&D in the welfare system, innovating new solutions to
intractable social problems. They help communities to build up social capital.\textsuperscript{12} One new form of such is the so-called social business.

Entrepreneurship between the private and the civic sector: emerging ‘social business’

Nobel Laureate Muhammad Yunus (by way of his own example through the Grameen enterprises in Bangladesh) has promoted a new form of ‘social’ business as a ‘hybrid’ between conventional private and social enterprise. For him, both concepts fall short. The private entrepreneur, for Yunus, is deemed to be dedicated to one mission only – the maximization of profit. Yet the reality is very different. People are not one-dimensional. They are multidimensional. They have the potential to self-actualize, to realise heightened levels of consciousness. Mainstream free-market theory, for Yunus, suffers from a ‘conceptualisation failure’, a failure to capture the essence of what it is to be human. It actually ignores higher levels of ‘world-centric’ consciousness.\textsuperscript{13}

Yunus goes on and argues that in the conventional theory of business we have created a one-dimensional human being to play the role of business entrepreneur, the so-called economic entrepreneur. We have insulated him or her from the rest of life, the religious, emotional, political and social, which characterize the ‘social’ entrepreneur. However, that puts also the latter into a box. This is where Yunus’s concept of ‘social business’ comes in. Entrepreneurs establish a ‘social business’ not to achieve limited personal gain but to pursue social goals. A social business respects the multifaceted motivations of the entrepreneur, including his or her ‘business’ orientation, which, of course, includes the generation of profits to secure the economic sustainability of the business. Hence, such an enterprise is simultaneously social and economic. We now turn from the social business to the environmentally oriented enterprise.

The emerging eco-enterprise

Conventional wisdom has involved comparing and contrasting ‘transactional management’ and ‘transformational leadership’. For us this has meant merely putting old wine in new bottles, as the basic form of the enterprise remained unchanged. There is a fundamentally new form increasingly visible, which so far has been subsumed under the social enterprise: the eco-enterprise. With eco-enterprise we mean enterprises, which have a strong environmental orientation, and are deeply rooted in nature and nature’s principles. For Catherine Campbell, a South African social psychologist currently based at the London School of Economics:

... growing ourselves and our communities in harmony with the land is seldom recognized as an entrepreneurial activity. Although a majority of the world’s population lives on the land, only a tiny fraction of people in the industrialized world do, and most theories of entrepreneurship emanate from the latter. We have discredited our enterprising physical selves and commoditised the business of living. In fact, we exist today because our foremothers foraged and gathered and, later, accomplished the transition to gardening and agriculture.\textsuperscript{14}

According to Campbell, modern notions of entrepreneurial behaviour are in many ways idealizations of the mythical hunter. But our species did not survive by hunting
alone. Close study of a subsistence relationship with ‘Mother Earth’ reveals the quintessential entrepreneurial responsibility for our individual and collective process of self-creation and self-nurturing. Unlike industrial production or knowledge work, work that occurs with and for the land is axiomatically concerned with space and place. Such ‘grounded’ entrepreneurial activity becomes a mutually beneficial interaction between and among individuals, and between people and nature, as they collectively create meaning for themselves and their community. Indeed, Catherine Campbell is calling for a transformation in our understanding of enterprise, one that is grounded in nature, if not also in culture, rather than in economics.

‘Bioregionalism’, for example, is a result of such eco-entrepreneurial efforts. It dramatically reframes the entrepreneurial process, shifting the emphasis from a human to an eco-systemic orientation, whereby we become more rooted in place and space. Modern-day permaculture is another influential attempt to move towards more localized energy-efficient and productive living arrangements. Permaculture claims, that this is not a choice, but an inevitable direction for humanity. Rebuilding local agriculture and food production then, localizing energy production, rethinking healthcare, rediscovering local building, in the context of zero energy building, rethinking how we manage waste, all build resilience and offer, according to Rob Hopkins, one of the key proponents of permaculture, the potential of an extraordinary renaissance. We now turn from the economic, social and environmental to the public sector.

Emerging public enterprise in a redefined ‘public space’

Recently upcoming discourses from Scandinavian academics Daniel Hjorth and Bjorne Bjerke make the case for the emergence of a public form of entrepreneurship via a redefinition of ‘public space’. Starting from a conviction that entrepreneurship belongs primarily to society rather than the economy, and that we need to understand life rather than simply business to fully appreciate the entrepreneurial processes, Hjorth and Bjerke suggest locating entrepreneurship in the public domain. According to them, it would be appropriate to conceive of today’s society as consisting of three sectors:

1. one common sector (the traditional public sector financed by taxes);
2. one business sector driven by market forces; and
3. a newly called public sector, where community goals are achieved by creating through engaging in social processes, including ‘public businesses’.

Hjorth and Bjerke use the concept ‘public’ to think their way back from ‘social and society’. They do this as a reaction against how managerial economic rationality has come to define and refer to the ‘social’ while being called upon to provide expert knowledge in the recent urge for ‘reinventing government’. Such a perspective on public enterprise can be contrasted with the neo-liberal attempt to limit citizenship to the role of consumer choices in a market. Rather, a different view of citizenship is developed, that involves a creative ‘making use’ of the public space between state institutions and civic society. In this new discourse on social entrepreneurship the public citizen is reviewed as an enterprising self. Public entrepreneurs, for Hjorth and Bjerke then, serve to create new forms of ‘sociality’ in the face of withering state institutions.
1.6.2 ENTERPRISE IN SOCIETY: A STATE OF FERTILE CHAOS

In introducing the changing face of enterprise in today's society we have focused on three core trends. We have first described the ongoing expansion of business's engagement in society and its reaching out to society's other sectors while exploring new concepts of doing so. Second, we have reviewed how social enterprises have established themselves as a counterbalance to the shortcomings of the private and public sectors. Third, we have indicated that there are now a variety of emerging entrepreneurial forces, such as the ‘social business’ (positioning itself simultaneously in the business and in the social world), the eco-enterprise, as well as attempts at a redefinition of public enterprise. Figure 1.2 serves to illustrate such core trends.

Figure 1.2 Types of enterprises in the societal arena of PPC partnerships
Note: (Established Types = Full Line/Emerging Types = Dotted Line)

Further building upon these trends is the emerging notion of cross-sector partnerships, most commonly termed public-private-civic (PPC) partnerships. There are also significant attempts to consolidate educationally upon such partnerships. This is, for example, illustrated by the ‘Partnering Initiative’, an educational joint venture of IBLF and Cambridge (UK) University (www.thepartneringinitiative.org).

We regard these developments as ‘fertile chaos’, serving to acknowledge a need for transformation. More specifically, they acknowledge a need for new forms of transsectoral entrepreneurship and transformed enterprises, including new ways of partnering between different types of enterprise.
1.7 Conclusion: Transformation (of) Management

DIFFERENTIATION, TRANSFORMATION, INTEGRATION

We have tried to demonstrate the need for fundamental evolution of the way in which we conceptualize and run enterprises in our society. We thereby have argued that current day management theory and practice is not building on the range of knowledge sources that are vital for the sustainable functioning of an organization. As such, nature’s lessons (as embodied, for example, in ecology and biology) are as much neglected as is knowledge rooted in culture, or to be more specific, in the cultural diversity humankind represents. As a result, management has not only become an overly narrow discipline serving to define the relevant knowledge base of an organization in a rather limiting way, it has also not recognized the enterprise as a knowledge creating entity, which, as such, becomes a social innovator.

The conception of today's enterprise is still too much rooted in a mechanistic and individualized world-view, strongly influenced by Western thinking. As such it fails to take into account the natural and cultural context, is still lodged within the prevailing economic system and has not built in the notion of social – as opposed to technological – innovation.

Hence, most organizational responses to the core social issues they are facing tend to be segmented, fragmentated and lack integration. We have illustrated that fundamentally revised forms of ‘enterprise in society’ have been recently emerging, though still in embryonic form, including a new cross-sectoral orientation, which could provide some elements of an integrated and holistic response to global and local challenges.

We have also identified the fact that there is no purposeful, social equivalent to technological innovation, built into academic research in the social sciences, consultancy based process interventions or indeed corporate R&D. Such a differentiated ‘social – as opposed to technological – research look’ at the situation we are collectively facing is crucial in order to set the scene for the necessary evolutionary steps.

The gravity and complexity of such challenges makes it evident that we are not talking of minor modifications or changes, but of fundamental transformation. Such a transformational process is aiming at providing answers to the identified challenges in a newly integrated format. Ultimately, we have set out in this chapter to review and renew the way we run organizations today. In order to fully accomplish such, as this book as a whole will reveal, we offer four fundamentally transformed perspectives.

FOUR FUNDAMENTALLY TRANSFORMED PERSPECTIVES

To be clear, we don’t want to throw the baby out with the bathwater. Management, leadership and entrepreneurship have had their place. But, as we see it, leadership and entrepreneurship represent the originally dynamic thesis, management the stabilizing antithesis, and Transformation Management is the dynamic-stabilizing synthesis.

Transformation Management provides the following four fundamentally transformed perspectives on the way in which we will need to run organizations, duly and newly embedded in societies (see following Tables).
1. From a Transactional (Competitive) Perspective to a Transformational (Co-Creative) Perspective

**Revisiting Nature**
Linking Competition and Co-creation

**Via Activating Transformational Flows**
- The Organization as a Living System
- Turning from Competitive Strategy to Strategic Renewal
- Building upon Self-Organizing Processes

2. From a Monocultural (Western) to a Transcultural (Worldly) Perspective

**Revisiting Culture**
Linking Local and Global Knowledge

**Via Promoting Interaction between Transcultural Forces**
- Building upon cultural Diversity
- Enterprise as a cultural Entity
- Acknowledging the cultural Contexts
- Evolving transcultural Products, Processes and Enterprise

3. From a Unidisciplinary (Economic Pre-Emphasis) to a Transdisciplinary (all Social Sciences) Perspective

**Revisiting Science**
Expanding the Knowledge Base and Enabling Social Innovation

**Via Probing into Transdisciplinary Fields**
- Making the Social Sciences and Humanities Explicit
- Simultaneously focusing on technological and social Innovation
- Broadening the Base of Management Education
- Institutionalizing social Innovation in the Organization

4. From a Depersonalized (Organizational) to a Transpersonal (Self/Organization/Society) Perspective

**Revisiting Management**
Transforming the Functioning of Enterprise and Management Education

**Via Building up Transpersonal Functions**
- Beyond the individualist ‘Western’ Notion of Leadership
- Linking the Personal (Self), with the Impersonal (Organization) and the Communal (Society)
- Grounding the Transpersonal Functions in particular indigenous Soils while also Drawing upon Exogenous Knowledge
These four fundamentally new perspectives pave the way for the Integral Enterprise.

Our critique of conventional management, entrepreneurship and leadership as well as the corresponding educational frameworks prepares the ground for an evolutionary step in our perception of how we run organizations in society. We are aware of the numerous contributions from modern ‘Western’ management, leadership and entrepreneurship literature that are pointing towards such evolutionary change. However, until today, we are lacking a new worldly framework, which allows and enables organizations to make this evolutionary leap. The prerequisites to such a new discipline are enormous. In a nutshell, such a new discipline needs to satisfy the following demands:

- enabling the building of a sustainable, resilient enterprise;
- making the enterprise relevant to a particular society by bringing it closer in touch with its specific origins and destination;
- providing an integrated perspective on the organization-in-society which is not only valid for private enterprise, but also for organizations from other sectors of society;
- providing an integrated perspective for the three interdependent levels of self, organization and society;
- providing a new synthesis for management, entrepreneurship and leadership and through that a platform for transformed educational frameworks in such fields;
- providing a process for continuous renewal and ongoing innovation for the organization, while ultimately being open to;
- engaging with diverse ideological platforms ranging from capitalism and democratic socialism to contemporary environmentalism.

Transformation Management sets out to respond to these demands. As a new discipline it promotes the design and ongoing renewal of an enterprise in a particular cultural and societal context. It further integrates, as illustrated, four flows, forces, fields and functions respectively, from nature, to culture, to science to (renewed) management. Indeed, each of these represents one of the four fundamentals of Transformation Management. As such, the Integral Enterprise is comprised simultaneously of a transformational perspective (rooted in nature), a transcultural perspective (lodged in a fundamentally new understanding of culture), a transdisciplinary perspective (lodged in the social sciences and humanities),
as well as a transpersonal perspective (redefining the functioning of the enterprise). Figure 1.3 provides a refined overview on the core constituencies of the Integral Enterprise.

In the following chapter we establish the overall framework for Transformation Management, building upon each of the fundamentals, and the overall Integral Enterprise.

Figure 1.3  Refined overview framework of an Integral Enterprise

References


