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# The Need for New Types of Organisation for the New Century

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## Abstract

Commercial organisations are at the heart of our economic, political and social systems and define almost every aspect of our lives. Most organisations today operate on the modernist principles of rational bureaucracy, which diminishes the complexities of human life, and because of the perpetual quest for growth, is destroying the natural resources of the planet on which we depend for life. This essay critiques the universal, one size fits all approach of the modern organisation, suggesting it is time for a change. There are other types of organisation, such as voluntary organisations or social enterprises, offering new ways of organising society that are fairer, accepting of difference and diversity and have the potential to unleash creativity and develop relationships both within communities and with the natural environment.

## Keywords

organisational change, bureaucracy, complexity, objectivity/subjectivity, sustainable development, cultural diversity, feminist challenges, voluntary organisations, cooperatives, social enterprises

## Biographical notes

Christine Gilligan has an MA from the University of Sheffield in International Relations and is currently studying for a doctorate around 'Greening the Voluntary Sector'. She lectures in the Faculty of Organisation and Management at Sheffield Hallam University on Strategy and Change Management, Corporate Social Responsibility and Contemporary Issues, and Third Sector Governance. She is fluent in Japanese, having lived in Japan for 10 years, two of which were spent studying Zen Buddhism in a monastery. She is interested in alternative models of business and society, focussing on social and cultural diversity and how the principles of Green Economics suggest different ways of organising society that is not based on free market competition but is cooperative and socially supportive.

**The challenge is to redesign the world: to design a more authentic, genuine and elegant world. Who needs this wasteful, stressful, congested and exploitative world where half of humanity goes to bed hungry while the other half is suffering from obesity? Climate change is not the real problem: it is only a symptom of the problem. The real problem is the faulty design of our economic, political and social systems, based on our addiction to fossil fuels and consumerism.**

**Satish Kumar (Resurgence March/April 2008 no 247:3)**

## **Introduction**

Commercial organisations are at the heart of our economic, political and social systems and define almost every aspect of our lives, from where we work to the purchases we make. They have been the shared basis for organising society for the past 200 years and although they have created material wealth for some, mainly those in the developed West, they have excluded the many from sharing this success and now their rampant quest for continued growth is threatening to destroy the ecosystem that supports human life. These organisations generally operate according to the principles of rational bureaucracy, based on the Western scientific ideals of the Enlightenment, with a focus on command, control and standardisation. They ignore the diversity and the wisdom of other cultures and distort and diminish the complexities of human beings and the natural environment in the name of economic development, but there is a growing call for change. People are looking for new ways to organise society that doesn't destroy the planet and impoverish communities. Moving away from the linear rationality of cause and effect, the 'Green' movement in particular, doesn't base predictors of success on economic growth, but favours an approach that is closer to the natural world, more sensitive, connected, flexible and more accepting of unpredictability, uncertainty and difference. In this new world, the role of business is to contribute to the health and well being of all, peoples and the planet, and concepts such as plurality, relativity, relationships and inclusion will take precedence over those of control and hierarchy. Business activity needs to be re designed within social and ecological structures that *'treat people (not labour power), the planet, nature, non human species and the biosphere as beneficiaries, not just resources or economic factors of production.'* (Kennet and Heinemann 2006:74) The purpose of a business should be about increasing the general well being of mankind (Hawken 1993), and corporations, because they are the dominant form of organisation on the planet, must begin to address the social and environmental problems they have caused. In this essay I am going to examine the history of the organisation and challenge the dominant paradigm of the modernist organisation. There are alternative models of organisation, such as voluntary organisations or social enterprises, and a key issue facing us today is how to transform our systems of organisation to meet the needs of the future in a less exploitative way?

## **History of the Modern Organisation**

An organisation, according to the Oxford English Dictionary, is a collection of people organised for a particular purpose. Implicit within most definitions of organisation are concepts of control, power and leadership. Talcott Parsons (1960:9) defines an organisation as *'the rational coordination of the activities of a number of people for the achievement of some common, explicit purpose or goal through division of labour or function and through a hierarchy of authority and responsibility'*.

The development of the large, complex organisations we are familiar with today is associated with the Industrial Revolution, and this age of technological development brought with it the need to coordinate large numbers of people, machinery and raw materials in the factory system. It marked a change in the way work was perceived, with a shift from independent, home based producers selling their goods (products of their labour) to employees selling their labour under rigid, hierarchical structures, which perpetuated marked differences in power between those controlling the activities and those selling their labour. Scientific management (or Taylorism, named after F.W. Taylor 1856-1915), where tasks are broken down and simplified, enabled management to observe and monitor performance, taking away the control that individuals had over their work, and replacing it with managerial hierarchies. Bureaucracy, based on the principles of functional rationality, became the mechanism used to regulate society, control complexity and increase efficiency (Weber 1922) and the grand narrative of modernism was established around the efficiency of the machine organisation (Morgan 2006). Senge et al (2005:232) liken the modern global economy to the bowels of a giant machine, which uses us as instruments to serve its ends, but no one knows what the ends are any more or who set the agenda. Many now feel that the economic principles to which global corporations devoutly adhere are instruments for social control which impose a set of values that do not maximise freedom, equity or even utility. They may even produce an overall decrease in welfare, as well as destroying the ecosystem. (Kennet and Heinemann 2006)

### **Critique of the Modernist Organisation**

According to Zuboff (2002:53) and Morgan (2006:13), the functional organisation and administrative coordination of industrial life has become an expression of the cultural norms of rationality, efficiency and progress and *'the mechanistic mode of thought has shaped our most basic conceptions of what organisation is all about.'* Bureaucratic administration, with its clear lines of authority, provides a sense of order and predictability, and confirms the position of the dominant elite, who articulate the organisational vision and control change and uncertainty in a detached and sequential way (Fredrickson 2000). Today however, although bureaucratic rationalism remains a dominant ideology, it is not without its critics. As early as the nineteenth century, Marx pointed out that when labour becomes a commodity to be bought and sold in an exchange market, human beings become instruments of profit, based on their economic value (McAuley 2007:420), and Braverman (1974) talking about the Fordist concept of mass production, outlines how the deskilling necessary for capitalist production lead to the exploitation of workers as they became easy to replace, thus diminishing their bargaining power and contributing to increasing alienation. Merton (1968) highlights the danger that if the desire for order becomes more important than the primary purpose of the organisation, members become morally detached from what they do and bureaucratic normalisation can become a tool for the oppression of the workforce, as they become increasingly expected to perform like cogs in a machine. So although the technical application of scientific rational bureaucracy can, in theory, increase efficiency and improve living standards it is increasingly coming with a cost, not just to the disempowered and alienated workforce but also to the natural environment.

Weber (1904:1264) realised the potential for rational bureaucracy to become an 'iron cage', if people whose aims were not for the social good gained command of the bureaucratic machine, as they could distort its purpose. This has relevance today in the debate about whether it is the duty of a corporation to maximise shareholder profit, as Friedman (1969) advocates, whatever the

consequences for the society it operates in, or whether an organisation should operate, as Hawken suggests, for the general well being of humankind. Horkheimer (1972) claims that contemporary society is obsessed with commercial values and uses rationality and reason as a way to achieve unquestioned ends, whilst Bakan (2004) believes that modern corporations have a dangerously narrow and materialistic view of human nature, and have no interest in serving the wider society. In Green Economics, the concept of profit maximisation as an end in itself is likened to the chopping down of a rain forest. Although the sale of timber will generate a profit, society, both locally and globally, will suffer as livelihoods reliant on the forest are lost and the destruction of rain forest increases the threat of global warming. *'At the heart of Green Economics is the need to integrate the community, all people everywhere, nature and women and to acknowledge for the first time the true role they play in the economy.'* (Kennet and Heinemann 2006:95)

Ferguson (1984) suggests that the increasing organisation of everything is one of the central issues of our time because it creates a unifying language that excludes alternatives and legitimises perceived sources of power. Therefore, although modernity was supposed to liberate us from the repression of the past, it could be said to have imprisoned us in a new intellectual movement, that of measurement and linear cause and effect, which ignores the variety and unpredictability of both the human condition and the natural world in which we live. The modern, hierarchical organisation with its formal rules, systems and procedures imposes control and order, and its focus on linear rationality and causal relationships leaves little room for creativity and unpredictability, which are inherent parts of the human condition. Although the meta narrative of modernism and functional rationality has brought benefits in the form of material advances Green Economists challenge the concept that continued growth in the production of goods and services will lead to increasing prosperity for all (Wall 2006). Business models need to incorporate social and environmental well being. *'Business should be a means to build a society that is just and fair and that empowers the poor.'* (Senge 2005:167)

McAuley (2007) Hatch (1997) and Zuboff (2002) suggest we are now moving into the information age, in contrast to the earlier manufacturing age, where, instead of mass production and standardised outputs, technology is allowing individualisation in an uncertain and dynamic environment, and flexibility, autonomy and diversity are valued over hierarchy and conformity. As people increasingly want autonomy and control over their own lives, the functional, bureaucratically controlled, modernist organisation is not likely to remain sustainable in its present form (Price and Shaw 1998:103) and as information, communication and knowledge replace manufacturing and production as the key drivers of business, organisational paradigms will need to change. There is a cacophony of new voices, those of women, of ethnic minorities, of environmentalists, demanding to be heard as people want to be more than cogs in a machine. Price and Shaw (1998) however, warn that paradigms, or memes, are self preserving and even when they may no longer be appropriate they can be difficult to change, as we generally feel more comfortable with the familiar, despite the fact that it is no longer the best way.

### **Understanding the Need for Change**

As growing inequalities, climate change and other environmental issues pose ever more serious threats to the future of humankind, it is probably a good time to start thinking seriously about alternative ways of organising our social, political and economic life. If we want to secure the planet

for future generations, organisations need to look at the wider consequences of their actions. Functioning in this more complex, uncertain and unstable environment will require creativity and problem solving, and for organisations to be successful they will need to adopt complex, adaptive systems like those found in nature, that embrace co dependency and are able to cope with constant emergent change. The maintenance of organisation in nature is not achieved by central management but through self organisation and as this new and emerging understanding of natural systems filters down into management theory, it has implications for the management of organisations. *'Self organising systems allow adaptation to the prevailing environment .....and make the system extraordinarily flexible and robust against perturbations from outside conditions.'* (Prigogine 1996:71)

Managing in this new environment will be increasingly complex, and will need empowered, self motivated staff as well as new employee relationships and ways of managing, congruent with Senge's learning organisation, (1990). The focus must be on shared vision, personal mastery, and values rather than rules, and according to Senge et al (2005:120), at the moment leaders are unprepared to manage in this complex and interdependent world. They assume that quick fixes will solve the problems but this leaves little or no time for reflection, and the quick fixes produce unintended side effects which in turn create new problems. An example of this is biofuels, which were seen as important in reducing CO2 emissions, but the increasing demand is causing world food shortages that affect the poorest in society. Problem solving, as opposed to examining the need for deeper change and challenging taken for granted assumptions, is about trying to maintain the status quo, rather like taking an aspirin to cure a headache without examining what caused the headache in the first place. Senge et al (2005) claim that there is a growing sense of disconnection and powerlessness, as people attempt to ameliorate the symptoms of a problem without understanding the underlying cause. This is leading to increasing dependency on symptomatic solutions, and weakening our ability to come up with more fundamental solutions. Springett (2006) suggests that this business-as-usual paradigm offers little in the way of a vision for a truly sustainable future, and Senge et al believe this is because managers only manage the bit they are responsible for, when in fact they need to understand the bigger picture. Senge et al (2005:209) are also critical of modern technology, which distracts attention from the real problems. Progress becomes defined by new technological developments rather than well being (an area that has traditionally been the remit of women) and this fixation with newness leads to the elevation of novelty over substance. Technology, however, can be a force for good if it is set the right tasks and works to the right agenda, such as finding solutions for environmental problems through increasing resource efficiency, or facilitating the sharing of information through inclusive discourse.

### **The Natural Environment and Global Warming as a Challenge to the Modernist Concept of Organisation**

The purpose of a business should be about increasing the general well being of mankind, according to Hawken (1993:xii), but currently 1.1 billion people in developed countries metabolise 82.7% of the resources, leaving 20% of the world's population hungry or starving. The ability of organisations to fulfil the wants of the rich populations in the developed west is stripping the Earth of its basic biotic capacity, (capacity to produce life) as well as creating immense inequality. One of the underlying tensions is the linear, upward growth curve based on an unlimited supply of natural resources and, as resources get squeezed, it is the poor and disadvantaged that suffer disproportionately. Hawken

wants to see the values of modernity changed, so that the costs of modern industrial production are not borne by the state or by the poor, whose voices cannot be heard, but by the producers of the damage.

In the current system the market doesn't recognise the true costs of production, and externalities, such as clean air and water, are not valued, but for green economists it is clear that business culture and the biosphere are interrelated. (Hatch 1997:373) Once the natural environment is seen as part of the system in which we live and in which businesses operate, there will be an understanding that any changes in the environment will ultimately affect business operations, in the same way that human activity and business operations affect the natural environment.

*'Denial prevents us from coming to terms with our actions as they affect the natural world, but denial is an understandable reaction in the face of the gulf between commercial reality and ecological reality'* (Hawken 1993:128)

In January 2004 the UK Government's chief scientific adviser, Sir David King, warned that climate change was the most severe problem we are facing today, more serious even than the threat of terrorism. (Abbott, Rogers and Sloboda 2006:11) He argued that as a result of global warming *'millions more people around the world may, in future, be exposed to the risk of hunger, drought flooding and debilitating diseases such as malaria.'* (King 2004) King estimates that climate change, over the next 20 years, could result in a global catastrophe costing millions of lives in wars and natural disasters, and he highlights how it will be the poor that are likely to suffer the harshest effects in terms of localised flooding and decreased ability to produce food.

The Stern Report (2006) highlighted the potential threats to economies posed by global warming, and the fact that the poorest in society are the most vulnerable to the impacts and least able to afford mitigation. Stern believes that we have to act now to mitigate the damage to the economy, and this will require behavioural change. An effective response to climate change will, he advocates, depend on creating the conditions for international collective action, a key building block of which is shared understanding of long term goals, and effective institutions for cooperation and trust, in other words, a partnership between the public and the private, and a re ordering of the way we do business and organise our society.

The most recent warning on climate change comes from the IPCC Fourth Assessment Report published in November 2007. *'Anthropogenic warming over the last three decades has likely had a discernible influence at the global scale on observed changes in many physical and biological systems'*. This report also stresses the need for changes in the way we live, focusing on the manmade causes of global warming and outlining many likely regional impacts particularly around water stress, flooding and crop production.

One way that is commonly suggested to address the threat of climate change is sustainable development. Porritt (2005) claims that increasing environmental degradation will lead to growing inequities and disparities, causing poverty and social conflict, and he sees sustainable development as a way to reconcile the paradox between maintaining economic growth and controlling environmental degradation. Sustainable development can, according to Porritt, provide new opportunities for wealth creation which recognise the needs of everyone and protect the environment through prudent use of natural resources.

Lunn (2006), however, is critical of this narrow concept of sustainability. Sustainability should encompass more than economic growth and environmental protection. Issues such as health, political will, food production, communications, education, consumption, security, government attitudes, energy use, equity, ethics, gender and race equality, human ingenuity, natural resources and empowerment are all important aspects to be considered. Springett (2006) is similarly suspicious of the narrow view of sustainable development, claiming it is a construct developed to support the hegemony of the business as usual paradigm. Sustainable growth, she claims, is seen as the solution to environmental and social problems rather than a problem in its own right and she suggests there is little concept that the current model of business is inherently unsustainable. Although there is a need to critique 'positive' and 'practical' changes in the way business is done without dismissing their worth, there are more fundamental challenges that still need to be met.

There is a general agreement that global warming is largely the result of human activities, and that human beings have for too long regarded the natural environment as a free resource to be used for the betterment of their lives at the expense of the global ecosystem. The effects of this are now beginning to be felt and there is world wide acknowledgement of the need for major changes in the way we live our lives if we are to avoid serious ecological, social and economic damage. Price and Shaw (1998) liken the current environmental challenge to Handy's frog slowly boiling to death. If we want to do something about climate change, the dialogue needs to change and the challenge, is to create shared understanding and common aspirations.

*'Solutions depend on the development of shared understandings of the problem and an ability to reframe system dynamics so that short term individual interest and long term sustainability and development become more balanced and integrated.'* (Morgan 2006:271)

Organisations, as previously discussed, are at the heart of our economic, political and social systems and therefore, if we want to address the current social and environmental issues we have to change our economic system and the way we organise society. Levitt and Dubner (2005) believe that economic forces change the way people think and behave, and that our consumerist patterns are shaping the way we behave. If this is true, when organisations realise that the current economic paradigm of wealth creation cannot be a sustainable strategy if it destroys our natural resources, behaviour may change. Value is not an absolute, but what we ascribe, and once the value of the natural environment is truly understood organisational change seems almost inevitable. Price and Shaw (1998) point out that as the environmental crisis deepens, there is likely to be a tipping point and although dramatic organisational change may seem improbable at the moment, the result of the many small changes can have a big effect. This is an idea that has much in common with Chaos Theory and Maruyama's loop analysis, where positive feedback can eventually lead to sudden unpredictable change. (Morgan 2006:264) A key factor is the presence of innovators or early adopters, lone voices in the wilderness, as agents of change, and Price and Shaw (1998) suggest that smaller populations outside the mainstream find it easier to punctuate the existing equilibrium and break the mould. Therefore, having looked at how the environmental crisis can be an agent for organisational change I now want to look at other factors that are equally important – the smaller populations, often outside the mainstream, that can also act as drivers of change.



## ***Feminist, and Cultural and Challenges***

Hearn and Parkin (1993) suggest that the inclusion of different voices increases the potential for change and emphasise that it is important to understand the world as experienced by its diverse citizens rather than imposing a one size fits all one ideology, as emphasised by the modernist ideology. They outline how multiple oppressions such as gender, age, race and disability are continually reproduced through organisational hierarchies and they suggest there is a need for a more inclusive culture in organisations that accepts difference as normal. Women, ethnic minorities and other marginalised groups, such as the poor, must be part of creating the future and developing new approaches to organisation if we want to embed the economy firmly within ecological and social structures.

The increasing participation of women in the workforce must be a factor that cannot be overlooked when examining organisations today. In the UK in 1998, 74% of women were working compared with 33% in 1960. (Zuboff 2002:81)

The Industrial Revolution brought about the separation of home and work, reinforcing the differentiation of male and female roles, as men generally worked outside the home, whilst women worked in the home, looking after the children. As a consequence, male values came to shape the workplace and issues that were of importance to men became the dominant values of organisational life. Weber's concept of rationality, for example, according to Martin, (1990) was gendered; a male notion that emphasised logic, calculability and the absence of a certain type of emotionality. Morgan similarly suggests there is an inherently male bias in the rational organisation. *'The bureaucratic approach to organisation tends to foster the rational, analytic and instrumental characteristics associated with the Western stereotype of maleness, while downplaying abilities traditionally viewed as female, such as, intuition, nurturing and empathic support.'* Morgan (2006:218)

Cockburn (1985) also talks about the male concept of rationality and the deep seated masculine biases and traits, like strength and aggression, that have become linked to management and leadership, along with notions of skills, technique and ability that are still the dominant values in many organisations today. Senge et al (2005:178) point out that leadership appears to favour male attributes that focus on gaining and using power, influencing people and maintaining an appearance of control, rather than collaboration and sharing, which are seen as female values. For Mills (1994:142) gendered statements are embedded in almost every aspect of organisational life and the taken for granted, unconscious meta understanding about the way things are achieved, and the acceptance that certain activities need to be structured in certain ways, constitute a gendered organisational discourse.

Lasch (1983) uses the phrase organisational narcissism to describe the relationship between the way we see ourselves and how we structure organisations. He suggests that organisations are mirrors of how men see the world and validate their self esteem. According to Marshall and Wetherall (1989:123) therefore, it is important for women to mirror masculinity if they want to be successful. *'For female lawyers, part of the process of becoming a lawyer meant learning to overcome feminine traits'*. It seems clear, therefore, that although modernism and rational bureaucracy are generally portrayed as non gendered, they are male discourses arising from male values.

Ferguson, (1984) in her analysis of the nature of bureaucratic discourse and its implications for women, advocates using a feminist discourse as a way of creating new meaning but she doesn't believe that organisations will somehow be altered simply by recruiting women into them. *'Public discourse today is not the language of women even when women speak it'*. Tannen (1994) agrees, claiming that the fact women are conciliatory and men adversarial, affects a women's chances of promotion and she suggests that even women's conversational styles put them at a disadvantage in interactions with men. Seeking equality and consensus makes women's communications style appear indecisive in a business environment that has traditionally been male dominated and where providing answers or solutions is preferred to gathering others opinions. Despite the difficulties women face in the male world of organisation, and despite Ferguson's misgivings, however, the increasing inclusion of women in the workplace must be seen as a positive agent of change, and provide a real challenge to the dominant male metanarrative of modernism.

Eastern philosophies, such as Buddhism, Confucianism and Taoism, present another challenge to the modernist bureaucratic organisation. The foundation of the modernist organisation was established during the Enlightenment period of the 18<sup>th</sup> and 19<sup>th</sup> century, based on the principles of objective scientific rationality, but the objectivity of Western scientific logic does not hold ground in the East. Instead of stating things in terms of opposites, true or false, black or white, with clearly separated subject and object, in the East, circumstance and context define the definition and everything is relative. The universe is regarded as shaped by opposing but dynamically interdependent forces in a constantly flowing and changing dynamic equilibrium. *'Nothing is absolute, contradiction is not a problem and everything is in a constant state of dynamic flux'*. (Batchelor 1998:104) The Eastern way of thinking accepts the contradictions that rationality seeks to remove. *'Opposites are intertwined in a state of tension that also defines a state of harmony and wholeness.'* (Chatterjee 2001) When Eastern thought is applied to organisational theory, just as male cannot exist without female, and the short term is an intimate part of the long term, cooperation becomes the other face of competition and organisations, operating from this perspective, would recognise and understand the inherent contradictions in the world and attempt to maintain a balance between them rather than try and impose control. (Morgan 2006:273)

Furthermore, there is increasing evidence that the Western reductionist view of science is breaking down because it no longer explains the world we are experiencing. The Newton/Descartes concept of rational, objective science is being challenged by quantum physics, which casts doubt on the idea of objects as tangible items found in nature and existing independently of man. Einstein's Theory of Relativity and Heisenberg's Uncertainty Principle suggest that the way sub atomic particles react is influenced by those observing them, thus refuting the possibility of an objective reality. Chopra (2007) suggests that science itself now acknowledges that there is no solid world of objects and that an electron has no fixed position in either time or space. It is a vibration and how we perceive it, as either a wave or particle, is beyond current human understanding. This means that the basic structures of the material world are determined ultimately by the way we look at the world and that the observed patterns of matter are 'reflections of patterns of the mind'. The distinction between subject and object is becoming blurred.

This blurring of the subject/object divide calls into doubt the ability of scientists to produce objective research. *'The outcome of scientific observation is the outcome of the scientist's methodological*

*interaction with the process and the scientist's conceptual constitution of the knowledge.'*(Heisenberg 1962:10)

Gaarder (1995:381) sums it up appropriately. *'Our own lives influence the way we perceive things (in the room). If something is of no interest to me I don't see it.'*

Smil (1993) points out how the pinnacle of applied logic, computer modelling, is not truly objective. Because humans decide on the variables, it can be set up to produce whatever outcome is desired, and according to Smil, scientific findings, based on rational computer modelling, push preconceived ideas disguised as objective outcomes. Even a rational scientist uses value judgements to decide, for example, what hypotheses to use, or the limits of the sample.

*'Every quantitative analysis, no matter how innocuous, eventually passes into an area where pure analysis fails and subjective judgment enters.'* (Quade 1970)

This, of course, raises questions around the reliability of climate change predictions. There is no doubt that climate change has now become the dominant hegemonic discourse, largely based on the work of climate scientists, and whilst not wanting to devalue this work, it is important to recognise that scientists can only make predictions. They cannot determine certain outcomes. Their work is not objective, for the reasons stated above, but this does not mean climate change is not happening. There is a large body of circumstantial evidence around the physical changes to the planet but it is important to understand that there are major uncertainties about the eventual outcomes of these changes.

Another weakness of the Western scientific approach is that even in advanced computer modelling, microscopically small pieces of data can render a model incapable of predicting an accurate outcome. In the real world of infinite variables, prediction becomes impossible. The world is in a state of constant, complex, dynamic flux, which defies the common notion of cause and effect and renders phenomena unrepeatable in ways which would produce identical outcomes, unless taking place in highly controlled unnatural environments.

*'It is not possible to fully understand complex systems due to biased data sets and fallible observers. Science looks for order and organisation where it may not exist in nature.'* (Smil 1993: 31)

The Western understanding of organization, based on rational science, assumed that humans could conquer nature through logical analysis and create order out of chaos, but now even scientists are coming to accept the Eastern view that *'the universe is a dynamic web of interrelated events'*. (Capra 1982:83-85) None of the properties of any part of this web are independent of the others and thus defy the notion of predictable linear rationality. This creates difficulties when trying to predict outcomes in nonlinear systems. *'In complex non linear systems actions can give outcomes which are unexpected and opposite of those intended.'* (Glass 1996)

A further critique of the rational scientific approach as a way of organizing society is that researchers often disregard those variables they can't see or measure, for example, human emotion. By dehumanising our organizations we have removed the link between our natural environment and how we live, and we are now beginning to see the consequences in the destruction of the ecosystem and the break down of society.

If we accept therefore, that science is a social construct with no claim to inherent superiority, and that the rational scientific principles on which the modernist organization was based, constitute a narrative that hasn't fully acknowledged the diversity and difference of ideas such as, those of women and other cultures, we realise that the atomistic thinking and the need for control through quantitative measurement that has shaped organizations for the past 200 years is no longer a stable basis for organizing. Senge et al (2005:212) believe we have put science on a pedestal, like religion in the past, and scientists, the new priests, have told us how things really are and we have accepted it but it is now time for change. Instead of trying to understand in order to control we should be trying to live in harmony with nature as Eastern philosophies have always appreciated.

Having dismissed the modernist concept of organization as no longer having a valid scientific basis, and not understanding the complexity of the interconnectedness of the social, environmental and economic and therefore not capable of creating a sustainable future that is inclusive, responsive and just, it is time to look at what alternative forms of organization exist.

## **Different Types of Organisation**

### ***Voluntary Organisations***

Schwabenland (2006:1) defines voluntary organisations as *'formally constituted, independent of government, governed by a voluntary board, not profit making, with any surpluses re invested in the organisation rather than distributed to shareholders, and established for the fulfilment of some social or community good'*

They are not businesses, according to Handy (1988), because their overriding goal is not profit maximisation, as per a corporation, but they are organisations, in that they are a collection of people organised for a particular purpose.

Whitelaw (1995:2) says that voluntary organisations *'Provide a point of contact between the public and the private, enable private action for public good, change for the better the conditions of our fellow citizens, and set the tone for the societies of which they are part.'*

Gann (1996:1) defines them as *'philanthropic, well intentioned, and governed by people with a vision of service, with the aim to improve the quality of life of individuals or communities.'* He points out that the single distinctive feature of voluntary organisations is that they are values driven.

Courtney (1996:55) also picks up on the fact that voluntary organisations are values driven and more humane than private sector organisations. *'Their values, as stated in their mission statement, underlie the conduct of the organisation, and should be represented in all policies, procedures and delivery'*.

It is quite clear therefore, that, although voluntary organisations are organisations, they differ from the private sector in that their purpose is to alleviate suffering and improve quality of life, not to generate a profit for shareholders. As Hawken (1993) says, the social and cultural functions of voluntary organisations are not over ridden by the need to make money. Another distinguishing feature of voluntary organisations is the ethical basis that acts as an incentive to workers.

*'Non profit organizations are grounded in their members' values and passions and sustained by the bonds of trust that develop within and between them. Organisational expression of their members'*

*ethical stance toward the world conveys a public statement of what their members see as a better, more caring, more just world, in contrast to business organisations that are fuelled by the profit motive.’ (Rothschild and Milofsky 2006:137)*

Voluntary organisations also differ from commercial organisations in that the voluntary sector generally serves those who are excluded from mainstream society. They *‘work at the periphery, with people who are marginalised because of poverty, disability, social standing (or lack of), attitudes, lifestyle, perspectives.’* Schwabenland (2006:11)

The constitution of the voluntary sector workforce is dominated by females. 69% of the 611,000 paid employees are female, compared with 40% of females in the private sector (The UK Voluntary Sector Workforce Almanac 2007). 33% of the paid workforce have degrees, (private sector – 16%), and between 1996-2005 there was a higher percentage of employees with degrees than the public or private sectors. The upper quartile pay of chief executives in the voluntary sector is £43,923 compared with £80,000 in the private sector, thus supporting the idea that values, rather than salary, are a motivating force for employment in the sector.

The strength of voluntary organisations has traditionally been their individuality, freedom from bureaucracy, responsiveness, flexibility and reactivity, as well as their ability to attract highly skilled staff (Gann 1996). They emphasise the needs of the customer, pride themselves on innovation and see people as their key resource (Leat 1993), and Rothschild (2000) feels that the less hierarchical, more democratic workplace structures, encourage creativity and inventiveness. The voluntary sector is also good at working across boundaries and across sectors, through cooperative working and networking, which supports the development of new models and ways of working. (Whitelaw 1995)

Organisations in the voluntary sector however, often struggle to survive on a day to day basis, as short term funding means considerable time is spent raising money, and as the sector is increasingly encouraged to work collaboratively with the public sector in order to secure funds, they have to apply stringent cost/efficiency methods and conform to public sector management performance criteria. In other words, they are being forced, by funding needs, to adopt a rational, bureaucratic approach to organisation which might remove their ability to operate flexibly and innovatively.

*‘In a world of resource scarcity, non profit organisations are becoming more bureaucratic and adopting practices and goals indistinguishable from those in the environment’* (Rothschild and Milofsky 2006:138)

DiMaggio calls the increasing emphasis on modern management techniques, such as, monitoring, evaluation, staff appraisal, strategic development and planning, ‘organizational isomorphism’, or ‘following the fashions of their institutional fields’ rather than the logical dictates of their mission and core values (DiMaggio and Powell 1988). Concerns with efficiency crowd out devotion to purpose as voluntary sector organisations try to adapt to conventionally accepted images of management and organizational form, based on rational bureaucratic principles, and this may make it difficult for them to maintain their specific values, ethics and egalitarian ethos.

The changes required, socially, economically and environmentally, as discussed earlier, demand organisations that are innovative, inclusive, and flexible, areas the voluntary sector has traditionally

been good at. As an agent of change, the voluntary sector could be regarded as one of the smaller populations, outside the mainstream, that Price and Shaw claim find it easier to punctuate the existing equilibrium.

*'From the very moment of founding voluntary organisations are engaged in social change.'*  
(Schwabenland 2006:27)

The challenge for the voluntary sector, therefore, will be maintaining its key strengths, whilst meeting the accountability needs of the funding bodies. In a changing external environment those organisations that survive are those that are flexible and are best able to cope with change. It is therefore important that the voluntary sector continues to challenge the hegemonic discourse of modernity and create new approaches to social and environmental problems by empowering individuals to take action to change the circumstances that constrain them. By the articulation of different ways of imagining society and the institutions within it and through the voicing of shared concerns it is clear that the voluntary sector has the potential to be a powerful agent of change, if it can remain free from the shackles of bureaucratic modernity.

Recent research into climate change implies that the effects will necessitate change, social, economic and political, and as the IPCC (4th Assessment Report 2007) indicates, the effects of global warming may be disproportionately detrimental to the marginalised and disadvantaged, just the people that the voluntary sector normally works with. If we agree with Gandhi that *'Poverty is the worst form of violence'*, and climate change seems likely to increase the poverty of the already poor by flooding land, destroying homes and reducing their ability to produce food, the voluntary sector could present a different way of organising that could be a model for the future. Drucker (1990) thinks private and public sector organisations have a lot to learn from voluntary sector.

### **Cooperatives**

Voluntary organisations are dependent on donors for their funds but cooperatives offer a different way of organising that is self funding.

*'Autonomous associations of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through jointly owned and democratically controlled enterprises.'*  
([www.ncba.coop](http://www.ncba.coop) 15/11/2007)

The first self governing cooperative was formed in Scotland by Robert Owen to help workers drag themselves out of poverty by growing their own food, making their own clothes. The Rochdale principles, established in 1844, recognised the need for an approach to business exchange that was not driven solely by the demands of capital but also by human rights and social justice. Worldwide there are now over 800 million people estimated to be members of cooperative movements, embracing the values of self help, self responsibility, democracy, equality, equity, and solidarity, in areas as diverse as housing, building, retailing, utilities, social, consumer, agricultural, banking and finance. Membership is open to all who accept the responsibilities of membership, and they are generally run on the democratic principle of member control through elected representatives on a one member one vote principle. (UK Industrial and Provident Societies Acts and UK Industrial Common Ownership Act of 1976)

Cooperatives can work together through local, national and regional structures and can be found worldwide, from large chains like John Lewis and United Cooperatives in the UK, to tiny workers cooperatives in the developing world producing crops like chocolate and coffee. Economic participation by the members enables democratic control of the capital and any common property and members are able to benefit from any surpluses in proportion to their transactions, usually in the form of a dividend, after funds have been allocated to support the activities and create necessary reserves. Cooperatives often engage in ethical and Fair Trade initiatives, provide training and education for members and informing the general public about the nature and benefits of cooperation.

### **Social Enterprises**

Social enterprises are a newer form of organisation that have some similarities with both cooperatives and voluntary organisations. They are mission driven organisations which trade in goods or services for a social purpose. Based on the principle of the triple bottom line; financial, social and environmental, they accomplish social aims through their operations, such as employing people from disadvantaged groups, with the profits or surpluses supporting related or unrelated social aims (e.g. charity shops). The difference between a social enterprise and a voluntary organisation is that half their income is derived from trading, rather than grants or donations. (Spreckly 1981) Types of social enterprise include, community enterprises, credit unions, trading arms of charities, employee owned businesses, development trusts and housing associations.

According to Paola Grenier (2002) *'social enterprise, as an organisational field, emerged between 1995 and 2001 and emphasises the role of individual social entrepreneurs in bringing about social innovation, change and progress.* Social enterprises are:

- innovative, risk taking and act on opportunities.
- directly involved in producing goods or services for market - viable trading organisations seeking to generate a profit (although profit is not a central concept)
- accountable to members and the wider community
- innovative, with a can do attitude and often work with community groups or groups the government finds hard to reach

They have: explicit social aims and ethical values, including commitment to local capacity building, and are socially owned and governed by stakeholders or trustees, on a profit sharing or community benefit basis and can help to raise ethical standards for business. ([www.socialenterprise.org.uk](http://www.socialenterprise.org.uk))

By 2004 there were 15,000 social enterprises in UK, representing 1.2 % of all enterprises and employing 450,000 people, two thirds of whom were full time. Some well known examples are, the Big Issue, Jamie Oliver's 15 Restaurant and Fair Trade, which, according to Alex Nicholls (2007), does more than just create economic development for poor producers, it also builds social capital and community cohesion.

Muhammad Yunus, Noble Prize winning founder of Grameen Bank, wants to see social business, that is, business designed to meet social rather than financial goals, become the next global development. He sees the potential for social businesses to unleash creativity and change the lives of the poor and he is especially clear that it is important to empower women.

## Conclusion

Climate change may be the overriding driver for social, political and economic change at the moment and I suggest that if we want real, sustainable change we need to fundamentally change the way we organise our society. The modernist, bureaucratic, growth led focus of organisation is no longer appropriate in our interdependent, complex world of relationships, but we don't have to re invent the wheel. There are already organisations that operate in a fairer and more just way: voluntary organisations, cooperatives and social enterprises.

We need to see beyond the current economic paradigm of over consumption and growth for the benefit of the few, and develop alternative patterns of leadership and new ways of working together that understand and appreciate our connection to the Earth and to each other, something voluntary sector and social enterprises are already good at.

These organisations can act as agents of change by acknowledging differences and suggesting alternative ways of living that are within the natural limits of the planet. Women and ethnic minorities are also important as they help to redefine business growth so it is consistent with nature, based on cooperation rather than competition, and supportive of dispersed networks of power and responsibility rather than hierarchy and the maintenance of status quo.

The rapid growth in Fair Trade and other ethical consumption indicates there is a willingness for change among the public, and socially responsible investment funds suggest an increasing investor appetite for economic returns that generate added social or environmental benefit.

Bohm (1994) believes that thought creates the world, and there is an increasing acknowledgement that human beings can create their own realities through symbolic and mental processes. If there is a clear link between positive thoughts and positive action, it is time to look at positive ways for business organisations to take the world forward and become vehicles for collaboration in a new kind of dialogue focused on creating equitable, inspired and sustainable societies that work for all.



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