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Building the Infrastructure

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Realising Global Change

Developing the Tools; Building the Infrastructure

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Tackling global change challenges is becoming increasingly important with the rise of global interdependence. However, seemingly intractable global issues such as environmental sustainability, war and poverty suggest that current mechanisms and processes for responding to them are insufficient. There are some emerging experiences that suggest more successful possibilities are under development. Drawing on work with these multi-stakeholder global networks called Global Action Networks (GANs), the author proposes seven principles to guide successful global change strategies: (1) make the approach multi-stakeholder; (2) aggregate stakeholders by organisational sectors; (3) address the individual to societal change challenges; (4) make 'learning' a core value; (5) understand the work as building complex systems; (6) organise for 'third-order' change; and (7) think in terms of development stages.

- Globalisation
- Change
- Transformation
- Global change
- Networks
- Multi-stakeholder
- Intersectoral

Steve Waddell is co-founder and co-lead steward of Global Action Network Net. This is an outgrowth of his focus on large systems change and global networks. He has worked with issues as broad as trade, poverty and sustainable development, and as specific as road-building, youth employment, banking and provision of water and sanitation services. Usually the change strategy has involved creating business-government-civil society collaborations and networks; these collaborations may be local, national or global. Two key concepts have arisen from Steve's work: societal learning and change which is a deep change strategy to address chronic and complex issues, and global action networks which are an emerging form of global governance that addresses issues requiring deep change. As well as being Executive Director for GAN-Net, Steve is Senior Associate at Strategic Clarity and the Institute for Strategic Clarity, an adjunct faculty member at Boston College, and Associate of the Center for Innovation in Management at Simon Fraser University in Vancouver. Steve has a PhD in sociology and a Master's in Business Administration.



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‘ENGINEERING’ OR ‘DESIGNING’ A GLOBAL FUTURE IS SOMETHING THAT SEEMS preposterous to most, and audacious at best. However, many people are engaged in doing just that. The most high-profile design attempts—those with traditional intergovernmental mechanisms such as the World Trade Organisation, United Nations Security Council and the Kyoto Protocol—appear to be stuck or at least falling far short of purported visions. The WTO’s Doha round of trade discussions dealing with agriculture have collapsed, the Security Council has demonstrated significant shortcomings as a global peace-keeping platform, and the Kyoto Protocol failed to engage the world’s largest contributor to climate change—the United States. Moreover, as endemic issues such as war demonstrate, the global community must develop better strategies.

Are there better strategies to address global change challenges? And what principles should guide such strategies? A new type of global network is developing that represents a new strategy. With a focus on their role and potential for global change, these initiatives are referred to as global action networks (GANs).¹ There are about four dozen of them, including Transparency International focusing on corruption, the Global Water Partnership, the Youth Employment Summit Campaign, the Global Fund to Fight Aids, Tuberculosis and Malaria (the Global Fund), the Global Compact, the Forest Stewardship Council and the Global Partnership for the Prevention of Armed Conflict.

In contrast to traditional intergovernmental change efforts, GANs involve multi-stakeholders where corporations play a critical role along with non-governmental organisations (NGOs). Corporations are recognising that participation in GANs is a key strategy to build a globalisation that works for all (Waddell 2003a). For example, Wal-Mart recently decided to implement a sustainability strategy through the Marine Stewardship Council (see Box 1).

WAL-MART TAKES LEAD ON SUPPORTING SUSTAINABLE FISHERIES
All wild-caught and frozen fish suppliers to be Marine Stewardship Council-certified

Bentonville, AR, 3 February 2006—Wal-Mart today announced plans to purchase all of its wild-caught fresh and frozen fish for the United States market from Marine Stewardship Council (MSC)-certified fisheries within the next three to five years. The first step toward this goal will be to have product that currently comes from MSC-certified fisheries carry the MSC eco-label starting later this year. This initiative is part of Wal-Mart’s continued commitment to offering sustainable products at affordable prices to its customers.

‘We believe it’s absolutely essential to take a leadership role in working with suppliers to ensure that the world’s wild fish populations can grow and replenish themselves,’ said Peter Redmond, Wal-Mart vice president and divisional merchandise manager of deli and seafood.

Box 1 WAL-MART PRESS RELEASE

Source: www.walmartfacts.com/articles/1737.aspx

1 See www.gan-net.net. The rise of global multi-stakeholder networks has caught the attention of several analysts of global trends. They are associated with the ‘international regimes’ of Ruggie and Young (Ruggie 1975; Young 1999), the ‘governance without government’ phenomenon noted in the 1990s (Rosenau 1992) and the ‘government as networks’ phenomenon (Goldsmith and Eggers 2004) noted more recently. From an intergovernmental organisation perspective, Reinicke and his associates refer to these multi-stakeholder networks as ‘global public policy networks’ (Reinicke 1999; Reinicke and Deng 2000; Witte *et al.* 2000). From a global problem perspective, Rischard labels them ‘global issue networks’ (Rischard 2002). With a focus on these networks as societal learning and change systems, Waddell describes them as global action networks (GANs) (Waddell 2003a, 2003b, 2004).

Given the global scale and complex systems that the GANs aim to impact, they are still at a relatively early stage of development as a new global change strategy. Therefore, responses to many questions such as those about effectiveness are inadequate. In fact, new impact assessment methodologies are being developed that are appropriate for GANs' complex global change system challenges.² In terms of achievements, very diverse indicators are cited. For all, simply putting their issue on a global agenda is important. The Forest Stewardship Council cites \$10 billion in products traded with its label and 74 million hectares certified; the Access Initiative points to assessments being undertaken for nearly 40 countries; the Global Water Partnership points to an external review that stated clearly that GWP provides good value for donors' money; the Global Reporting Initiative refers to 800 corporations that are using its framework and 20,000 individuals who have joined. The Microcredit Summit Campaign says that by 2006 it achieved its original goal 'to reach 100 million of the world's poorest families, especially women, with credit for self-employment and other financial and business services'.

GANs' emergence comes as the weaknesses of traditional approaches to global change become more obvious and the needs more pressing. Traditional approaches arise from an array of change theories that are often not explicit. One common change theory is that, if governments can decide on the right rules and regulations, then everything will be fine. Governments have successfully implemented rules and regulations to reverse the weakening of the ozone layer around the globe. But they do not seem able to realise their international human rights commitments. Another, often implied, change theory is that optimal solutions will eventually chase out the sub-optimal. The Global Postal Union represents a compelling optimal solution that means most people mail internationally with little concern about reaching the destination. But why does the widely recognised superior Apple computer operating system still have only a cult following compared to Microsoft's?

It is not so much that a change theory is *wrong*. Rather, it is often *misapplied*—a theory that works with one set of challenges does not necessarily work with all challenges. Other theories are *under-specified*. There is often a black box of secondary activities that is necessary for a dominant activity to result in the desired change; or there are unintended consequences of the activity. And then there are the challenges of effective implementation, maintaining the effort for sufficiently long periods, and having sufficient resources to realise the change.

All these problems have plagued attempts to address global challenges. What works within national borders where there is a competent national government often does not work in the global arena where there is no global government. Economic liberalisation on its own is insufficient for a fair globalisation—it also requires strong community structures and justice systems. Moreover, the mechanisms for mobilising, coordinating and maintaining resources and attention to global change challenges are very weak. GANs hold promise to be able to address these global challenges, by developing a meta-strategy that encompasses diverse theories and addresses their weaknesses.

After working for 20 years in the arena of complex change challenges, and the last half dozen of those focused on GANs, and numerous studies,³ some principles for guiding people aiming for global change strategies have emerged for the present author. Applying these principles requires a new *global infrastructure for change* that is now in well in development. The traditional post-World War II infrastructure consisted of inter-

2 GAN-Net is creating a Measuring Impact community of practice to develop new knowledge. For one of the most in-depth works on effectiveness of 'international regimes' (usually dominated by IGOs), see Young (1999). Young recognises the great inadequacy of traditional methodologies.

3 This includes numerous studies, academic presentations, peer-reviewed publications and for organisations such as United States Agency for International Development.

governmental organisations (IGOs—United Nations, G8, IMF, World Bank, WTO, etc.). The new components are global networks of the two other organisational sectors—business (global corporations themselves, World Business Council for Sustainable Development, World Economic Forum, International Business Leaders Forum, etc.) and civil society (the weakest, but including global NGOs, the World Social Forum, CIVICUS, corporate campaign networks). This infrastructure is needed to aggregate diverse voices, create a global consciousness within these distinct sectors, and provide dissemination and engagement mechanisms for learning and resource mobilisation. Its emergence means that the traditional change strategies grounded in the assumptions that governments should take the lead in global change are being supplanted.

The limitations of traditional approaches

IUCN (the World Conservation Union) is a GAN of governments and environmental/conservation NGOs formed in 1948. In the 1980s IUCN thought it had achieved success when it helped to spur governments to put climate change squarely onto their global agenda. IUCN stepped back in favour of governments taking leadership for the most indisputably global issue ever facing the human race. Two decades later, having met a glacial pace of response by IGOs to a growing crisis that can very well doom our planet, IUCN reassessed its fundamental assumptions about how to address global change and what its future role should be. It concluded that a renewed multi-stakeholder push is needed.⁴

Like many scientific-oriented organisations, the IUCN worked with a change model that presumed rational argument and overwhelming scientific evidence would lead to change. It operated with a scientific theory of change represented in Figure 1. Unfortunately, in scientific terms there are many intervening variables between research and action, and much traditional research simply ends up as a report or book. The way the knowledge is developed (by a small group of elite experts) means that the conclusions often do not ‘make sense’ to many stakeholders, the knowledge is not held widely, roles in ‘solutions’ are unclear and therefore responses will be weak.

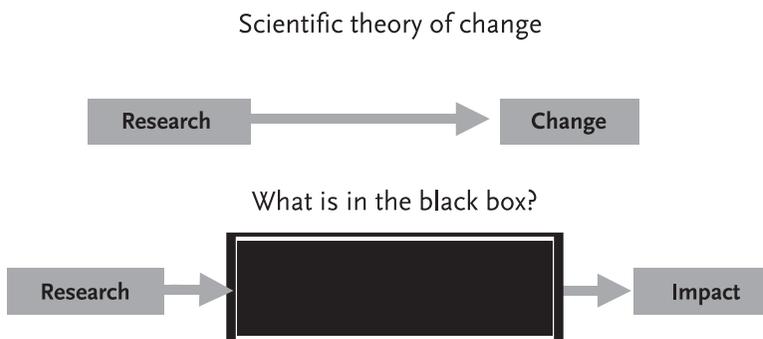


Figure 1 THEORIES OF CHANGE

⁴ For part of this discussion, see Adams 2006. IUCN's 2008 World Assembly is promoting multi-stakeholder strategy.

Furthermore, like most well-educated people grounded in Western ways of thinking, those in IUCN in the 1980s worked with a mental model of 'government being in charge'. In part this was simple extrapolation from the national scene. Since World War II at least in Western democracies government was seen as being accountable to, and responsible for, the long-term welfare of its citizens. On the global scene traditionally private resources have been inadequate for global change efforts. In the 1980s when the world was still mired in the Cold War it seemed even more obvious that governments would have to be *the* agents to respond to climate change.

However, in the new millennium the world is a vastly more networked and complicated place than two decades earlier. The era of competing superpower (government) blocs is long gone. It is replaced by many more independent and competing countries in an inter-*national* system where no one speaks up for the global interest. Benign 'balance of power' has become a disastrous 'paralysis of the parochial'. Moreover, the global webs of interactions spun by businesses and NGOs are much more dense and powerful. Although the mass of humanity may not be in daily contact with people around the globe, a huge and rapidly growing proportion is. We are quickly moving from an era where representational democracies were the assumed global guardians of people's well-being, to an era where participation and membership in a wide variety of organisations play as important a role as citizenship in identity and daily life.⁵ For example, the climate change challenge requires a global network of those affected by and involved with the issue working collaboratively, rather than the intergovernmental processes represented by the Kyoto Protocol. It also requires integrating aspirations for access to energy with enabling actions, rather than to be focused on limiting actions.⁶

A framework for global change

Particularly important, given the scale of global change, is to have a good model of *what* must change. The model must be sufficiently simple to avoid losing people in complexity. But it must be sufficiently robust to provide guidance in developing strategies and actions. One attempt at creating such a framework is the 'societal learning and change (SLC) matrix' presented in Table 1. It emphasises the importance of a holistic approach that recognises change across organisational sectors and levels.

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

Table 1 THE SOCIETAL LEARNING AND CHANGE CHALLENGE MATRIX

Source: Waddell 2005: 13

5 One fascinating book that looks at trends in organising from mediaeval times and projecting into the future is by Sassen (2006). Another great book drawing out the trends specifically with regard to government is by Slaughter (2004).

6 A couple of modest GANs are doing this; one is the Renewable Energy and Energy Efficiency Partnership.

This framework suggests six principles for realising global change; a seventh arises from looking at the development process of GANs. These principles aim to provide guidance for people working for global change with the new emerging GAN strategy.

Principle 1: make the approach multi-stakeholder

The matrix assumes that successful change initiatives require engaging the ‘whole system’—all those affecting and affected by a particular issue. Given the scale of global systems, this presents significant challenges. However, the principle is part of many change methodologies popular today such as ‘whole systems change’ and ‘future search’.⁷ The assumption is that, for system stakeholders to play their role in a change challenge, they must be fully engaged in problem/opportunity analysis, planning responses and implementation.

Following this principle, GANs have diverse members. Sometimes diversity is maintained through informal mechanisms, but often it is written into GAN by-laws with participants grouped into categories on the basis of (1) geography and/or (2) stakeholder group. The Microcredit Summit Campaign has 15 ‘councils’, the Marine Stewardship Council has eight ‘issue groups’ in two categories, the Forest Stewardship Council (Box 2) has three ‘chambers’, and the World Water Council has five ‘colleges’.

‘The greatest contribution that FSC makes is to provide a platform for diverse stakeholders to build trust and develop collaborative approaches to forest sustainability’, says Executive Director Heiko Liedeker. \$10 billion in products are traded annually with its label and 74 million hectares of forests are certified. The Council has three ‘chambers’ that work collaboratively to bring about sustainable forestry by using the tool of ‘certification’ of forests and wood products:

The **Social Chamber** includes NGO and academic institutions that have a demonstrated commitment to socially beneficial forestry.

The **Environmental Chamber** includes NGO and academic institutions that have an active interest in environmentally viable forest stewardship.

The **Economic Chamber** includes businesses. Participants must have demonstrated active commitment to implementing FSC principles and criteria in their operations.

Box 2 FOREST STEWARDSHIP COUNCIL

Of course, one of the challenges is identification of stakeholders in ‘the system’ when, in effect, the task is to evolve a global system around the issue. The concept of ‘problem domain’ is useful for thinking about who is in and who is out of the system that is being developed.⁸ Also thinking of the problem as one where the domain is ‘under-organised’ gives appropriate emphasis to the work of developing relationships (see Brown 1983). Defining the stakeholders too narrowly will lead to failure because key voices are excluded. Defining the stakeholders too broadly will lead to failure because they will not be able to coalesce in the face of too much diversity.

Making an initiative multi-stakeholder means making it co-owned. Key stakeholders are not merely present—they are present in sufficient number to reflect their importance in the issue system. The key stakeholders feel they ‘own’ the initiative and have a

7 There is a large literature now on these methodologies. For Future Search the bible is www.un.org/esa/sustdev/partnerships/partnerships.htm. For good overviews see Holman and Devane 1999 and Bojer *et al.* 2006.

8 This concept was developed by Trist (see Trist 1983).

meaningful amount of influence over its direction. Stakeholder representatives make sure the change initiative makes sense for their constituencies, and when they return to them they make sure their constituencies implement commitments. In this world *participation* is more important than simple *membership*.

Some GANs have categorically inhibited a key stakeholder group from participating (for example, governments, in part due to their desire to ‘control’). Others privilege one stakeholder group in terms of power, such as the Global Compact and the global health GANs which indeed put government effectively in control. And then some, such as the Global Water Partnership and the Microcredit Summit Campaign, tend to operate in a developing-country/developed-country framework of inequity based on donor and recipient. However, GANs are a new type of organisation, they have not yet fully developed, and all these limitations may be simply a ‘development stage’. Certainly, it makes sense that if they are to become effective global change systems they will have to engage all key stakeholder groups as co-owners.

Principle 2: aggregate stakeholders by organisational sectors

Stakeholder organisations in a global issue are so numerous that the organising challenge can easily overwhelm. There is a need to aggregate. The SLC matrix is grounded in the analysis that there are three different learning logics and ways of ‘making sense of’ and ‘acting in’ the world (see Waddell 2002). These three different logics are manifest at the individual, organisational and sectoral levels. They are comprehensive, and any person and any organisation can be analysed in terms of the logics; moreover, aside from ‘bridging’ organisations⁹ such as GANs and other multi-stakeholder partnerships, organisations are dominated by one of the three logics.

This individual-level logic is described in Sandra Seagal’s work on human dynamics (Seagal and Horne 1997). Through exploration with thousands of people around the world, Sandra has discovered the universal nature of emotionally, mentally and physically centred people. This perception has been integrated into the Swedish education and the Singapore police systems, to help people interact across these divides. Working at the sectoral level, Waddell had already developed a description of the distinctive logics of the three sectors when he discovered Seagal’s work (Waddell 2002). Her description of the individual learning orientations mirrored his sectoral distinctions.

At the organisational level, one logic is associated with civil-society organisations. It arises from an emphasis on making sense of the world from an emotional basis. People understand something when they ‘feel’ it emotionally, and this leads to stewardship of issues of justice, fairness and tradition. A second logic is associated with governments. It arises from an emphasis on making sense of the world from an intellectual or mental basis. People understand something when they can categorise and describe it with words and concepts. Governments are stewards of law and rule creation and enforcement—categorising as legal and illegal. The third logic is associated with business and arises from an emphasis on making sense of the world from a physical basis. People understand something when they can see and touch it, and measure its physical properties. This is why business is a steward of efficiency, production and wealth creation.

This emphasis contrasts with traditional global strategies for aggregation. The most common aggregation is by geographic region. While this is useful, it is grounded in the territoriality logic of one of the three sectors—government—and therefore implicitly favours them. Of course, global change initiatives must also be organised by regions,

⁹ The concept of ‘bridging organisation’ is well developed (see Brown 1991; Westley and Vredenburg 1991). See also the voluminous literature on multi-stakeholder partnerships.

language, product lines, traditions and other ways that reflect communication concerns and ways the sectors organise themselves. But for *change* initiatives which fundamentally involve clashes of sense-making logics, organising by sectors is critical.

This sectoral aggregation is usually reflected in the formal and informal groupings of stakeholder described under Principle 1. Although there is often more than one stakeholder group in a sector, they rarely (and should not) cross sectors because their differing logics and goals will make collective decisions highly problematic.

Principle 3: address the individual to societal change challenges

Global change challenges such as climate change, youth employment and poverty are not ones that can be addressed by simply creating new organisations or reorganising those that exist. The challenges also arise out of the way people think of themselves, and relate to the world and each other. To address the change challenges requires that *individuals* change their behaviour and perspectives, and shift values. As has often been noted, not everyone can live the American lifestyle if we are to have sustainability. The less noted subtext is that Americans cannot simply expect everyone else to limit their aspirations—Americans must change theirs as well.

Americans in particular tend to emphasise the importance of individual change as the starting point in change processes. If individuals have the right spiritual-psychological-intellectual perspective and capacity, this line of thinking goes, then anything is possible. Europeans tend to emphasise the social structures, pointing out: ‘yes, but individuals are all working within structures that limit and disempower people to work in certain ways. We must first change the structure, and then we can have people freed to reach their potential.’

The SLC framework emphasises that there is not an ‘either–or’ to the change level. Rather, it is a ‘both–and’: we must pay attention to changing organisational structures and human capacities at the same time. Although participation in a GAN requires that people already have at least some openness to meeting with diverse people, participation often leads to personal transformation (Poncelet 2001). GANs’ very work and multi-stakeholder approach encourage personal transformation, but the structure’s successful development also depends on people transforming.

Principle 4: make ‘learning’ a core value

Change in response to global issue challenges requires new ways of being, new relationships, new structures and new ceremonies to support new knowledge and changing environments. In short, change requires learning. The SLC framework builds on individual and organisational learning as core components of societal learning and change. By societal learning is meant the capacity for the totality of a population to shift understandings and structures to reflect new knowledge and values. Sophistication and adaptability at their best are associated with a capacity for reflecting in behaviour an array of knowledge, grounded in a value and belief system that emphasises learning.

Societal learning is a real phenomenon. For example, it occurred to varying degrees of success in South Africa when the country shifted from a society based on apartheid to one based on racial equity; it also occurred in the former Soviet Union countries when they shifted from a centralised, state-controlled system to a society integrating human rights and capitalism. These are examples of both our capacity to change in non-violent processes, and the scale of change that is needed to address many of the issues on which GANs focus.

A core role of GANs is to build capacity and speed dissemination of knowledge through their networks. When well built, those networks connect to stakeholders in all corners

of a GAN's issue system. GANs must take a learning strategy that is always questioning assumptions and thinking of conclusions as tentative. A core challenge is to avoid the desire to create a 'permanent' institution or 'nail down' a problem definition: the nature of the issues is always changing and new knowledge about them is always developing (if this is not true, the GANs are not being effective!). This means, for example, that when the Forest Stewardship Council was established in the early 1990s the core innovation was to bring together business, environmentalists and social activists. The structure reflects this, and FSC has had significant success with this challenge. The three groups have 'learned' how to work together. Today the core challenge is both to deepen application of this learning and to widen the 'system boundaries' to include other organisations active in the global forest sustainability domain including government and other multi-stakeholder initiatives.

Principle 5: understand the work as building complex systems

At the societal level the SLC matrix presents the change challenge as one to bring alignment *vis-à-vis* an issue among the three core *systems* of society: economic, political and social.¹⁰ Working globally, the concept of 'complex systems' has obvious resonance for GANs. They are non-linear and evolving into non-centred networks where self-organising is a critical capacity; they consist of a large number of mutually interacting dynamic parts where participants can number in the hundreds of thousands and millions. From this concept arises a whole range of concepts and tools useful for global change initiatives. Three in particular are highlighted here.

One core concept refers to the organising dynamic that should lead a global change agent: creating *coherence*. This concept contrasts with organising dynamics for other types of organisations. For government, the core dynamic is *administering*: developing, applying and enforcing rules and laws. For civil society the core dynamic is *developing*: bringing people together in a community and creating visions and actions to realise them from the ground up. For business the core dynamic is *managing*: setting clear objectives and targets, and putting in place resources, incentives and people to achieve them. When a modest number of organisations within one of these sectors or some mixture of them come together, the core dynamic is usually *coordinating*: within a peer-like relationship creating closely aligned exchanges and actions to achieve a collective purpose.

In contrast to these dynamics, coherence implies a much looser organising dynamic where change is realised by creating movement among a large system of players in a specific direction. Rather than working at odds with one another or without direction, a systemic change agent gradually guides the key stakeholders to move towards a shared vision. That vision may be articulated with varying degrees of explicitness, but it must be sufficiently explicitly understood by the change agent for it to take action. Reflecting the learning principle, the vision will shift as the issue and context change.

Coherence is created by identifying and developing a second core concept related to complex systems change processes: *high-leverage system interventions*. In the case of under-organised systems, this means interventions that will help the diverse stakeholders begin to identify with the issue system collectively. GANs do this by putting their issue onto the global agenda—youth employment is now an item that global forums

¹⁰ Rather than 'social' Nicanor Perlas uses 'cultural' which is associated with Rudolf Steiner's 'three-folding'. In the formulation of systems presented in this article, 'cultural' is conceived in Parsonian terms as the overarching system that refers to the way the three systems interact and their internal interactions. See Parsons 1967 and Perlas 2000.

address, thanks to the work of GANs such as the International Labour Organisation¹¹ and the Youth Employment Summit. Corruption began being discussed openly in international forums only after the foundation of Transparency International—inhibitions included the complicity of many of the international organisations that traditionally would have been expected to address the issue.

GANs also create high-leverage systems interventions through a core activity that is closely associated with their existence. For the Access Initiative/Partnership for Principle 10 this activity is assessments of national government performance with respect to participatory practice in environmental decision-making; for the Ethical Trade Initiative it is creating sustainable production chains; for the Fair Labor Association it is monitoring and capacity building with respect to a code of conduct; for the Marine Stewardship Council the core intervention is certification of fisheries as sustainable.

A third key complex system change concept is *weaving* together what exists in new ways, in contrast to new construction. The Global Reporting Initiative's development is a particularly artful example of this. GRI began with the insight that competing sustainability standards were creating chaos and undermining the goal of developing corporate accounting practices for the triple bottom line (economic, social, environmental). Rather than think that it would develop a premier standard that would somehow successfully compete with all the others, GRI began by convening organisations that were developing the competing standards and GRI became collectively owned by them. It is developing a common *framework* for sustainability reporting that gives meaning to, and guides the development of, the various reporting programmes.

Principle 6: organise for third-order change

SLC's tremendous capacity for creativity and innovation is one of its key attractive features. 'Stuck' problems can often be moved by creating a process that brings together the very diverse sense-making perspectives of the three sectors. All three perspectives tend to get 'stuck' in their own stereotypes and limited data-points. Each tends to make assumptions that go unchallenged within its own sector and are so accepted that they are not even recognised. These assumptions can be identified through dialogue with other sectors, and novel solutions can be developed that access the unique resources of all sectors.

This type of change is usually part and parcel of the core physical science activity of the GANs. For example, initiatives such as the Forest and Marine Stewardship Councils are grounded in business–civil society collaboration with certification as the core activity. Identifying, refining and applying certification standards is a process that holds the sectors in ongoing dialogue so they can 'co-produce' sustainable practices that are profitable. Participating NGOs steward the social-environmental concerns to ensure they are being addressed, the businesses steward the economic concerns,¹² but both together are establishing a substantial innovation in managing fisheries.

This describes a third-order¹³ change product that is on a scale comparable to the changes in South Africa and the former Soviet Union changes referred to earlier. Change has been classified as being of three types, and being clear about the one being pursued is critical because they require different strategies, methodologies and tools. First-order

11 The ILO is a collaboration between business, government and labour (civil society).

12 For more on the role of business, see Waddell 2003a.

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

change is doing more of the same. The very formation of a GAN indicates that change of at least the second order is being promoted, since it represents doing something in a very different way. Second-order change involves redefining the rules of the game. For example, the Global Fund is basically a mechanism for funders to pool their resources and take a more systemic and global perspective to improve coordination and effectiveness (first order would be when one funder simply expands its budget). But the funding mechanism as a key driver has not changed and the approach can basically be described as one of 'reform' under direction of stakeholders who by and large maintain their traditional power relationships.

Third-order change involves basic power realignments, re-visioning of how organisations and people relate to one another, and developing fundamental change in relationships and organisational boundaries and roles. Third-order change addresses systemic barriers. Often non-systemic barriers such as 'money' come up as blocks to talking about the more fundamental change challenges; for example, in the Global Fund the funders are still in a privileged decision-making role that limits the Fund to a second-order change.¹⁴ Systemic change is about changing norms, practices, organisational structures, power relationships and decision-making processes. The Forest Stewardship Council, for example, represents a third-order innovation because it is based on the premise that business, environmentalists and social activists must find a very different way of operating (by working collaboratively). These distinctions are further elaborated in Table 2.

There is significant interaction between the three orders of change, and, although third-order change capacity is a defining potential for GANs, they are very involved in the other change orders as well. For example, stakeholders initially go through a third-order change process to define a collective vision and then implement it in test sites. Then questions of expansion and scaling-up arise. This involves continually expanding the number of stakeholders, who must go through their own third-order change process, but for the GAN as a whole now the challenge is how to implement a defined strategy as first order of change.

Another example is Transparency International when it worked with the OECD to create a convention on corruption where it would have an important role in implementation and follow-up. This represents third-order change in contrast to traditional intergovernment secretariat monitoring processes and reflects an admission by government that it cannot do it all on its own. But the ongoing application then is a lower change order of expanding this partnership norm.

The distinction between change orders is important because they require different strategies and methodologies. First- and second-order change, for example, rely heavily on negotiations, mediation and learning from past experience. Third-order change involves visioning, future planning and experimenting with a much broader range of unknowns. Deep dialogue processes and personal transformations are key with third-order change.¹⁵

To organise these three types of change concurrently with a global complex system requires both creating a people's movement and at the same time administering/managing a distinct set of activities. To create depth, breadth and direction with third-order change requires the energy and power associated with the concept of movement. And yet, to realise the first- and second-order changes where the transformation is imple-

14 Significant attempts in the Global Fund to overcome this power difference are evidenced by the need for agreement between the funders and recipients about who to hire as fund director.

15 The Generative Dialogue Project is developing this type of change (see www.generative dialogue.org). For a good overview of the methodologies for dialogue, see Bojer *et al.* 2006.

Criteria	First-order change	Second-order change	Third-order change
Desired outcome	'More (or less) of the same'	Reform	Transformation
Purpose	To improve the performance of the established system	To change the system to address shortcomings and respond to the needs of stakeholders	To proactively address problems and seize opportunities from a whole-system perspective
Participation	Replicates the established decision-making group and power relationships	Brings relevant stakeholders into the problem-solving conversation in ways that enable them to influence the decision-making process	Creates a microcosm of the problem system, with all participants coming in on an equal footing as issue owners and decision-makers
Process	Confirms existing rules. Preserves the established power structure and relationships among actors in the system	Opens existing rules to revision. Suspends established power relationships; promotes authentic interactions; creates a space for genuine reform of the system	Opens issue to creation of entirely new ways of thinking about the issue. Promotes transformation of relationships toward whole-system awareness and identity; promotes examination of the deep structures that sustain the system; creates a space for fundamental system change
Potential government role	Applying current policies and rules/laws	Requires new policies and rules that can be developed with leadership of government	Requires fundamental shift in respective roles of government, business and civil society and an extra-governmental process

Table 2 TYPES OF CHANGE IN PROBLEM-SOLVING INITIATIVES

Further discussion on GANs and global change can be found in the document that produced this table: Pruitt *et al.* 2005

mented, a GAN must be skilful at managing strategic interventions and administering large amounts of information.

Principle 7: think in terms of development stages

Global deep change networks do not spring up overnight. As with any change initiative, there are stages of development. These are summarised in Table 3. The time is not always right for starting a GAN, and stage 1 involves assessing whether stakeholders are capable of interacting. Often they are not, and sometimes it is first necessary to build relationships among various sub-groups of stakeholders so they can develop a collective identity and security, and work on strategies as a group until they conclude those strategies are too limited. Essentially, this is what governments have been doing globally with the climate change issue.

Initiation (stage 2) often involves two or three years of consultations among stakeholders, as occurred before the World Commission on Dams was established. These consultations culminate with a convening event. Another way GANs are developed is by stakeholders who meet from time to time in a forum, developing informal relationships, and then decide to create a formal initiative. There were global meetings on water that

1. Preparing the ground	2. Initiation	3. Problem/solution definition	4. Infrastructure development	5. Realising the potential
Exhausting other solutions Building stakeholders' capacity to interact	Visioning Convening Identifying leadership stakeholders	Defining the problem Piloting a core physical technology solution Building initial centralised network piloting structure	Broadening application of the physical technology solution Deepening understanding of the problem and social technology solutions Increasing participation and decentralising structure	Being a global system Enhancing legitimacy Creating inter-GAN connections Creating global action norms

Table 3 DEVELOPMENT STAGES AND ACTIVITIES

Source: Waddell and Zadek 2006

preceded founding of the World Water Council and the Global Water Partnership. Some GANs arise out of the imagination of one or a couple of organisations. For example, the Youth Employment Summit is the product of an NGO; WWF and Unilever gave birth to the Marine Stewardship Council.

Typically, individual founders think that they understand 'the problem' and their 'solution', but initial discussions invariably disclose an unanticipated breadth of perspectives. In stage 3 the stakeholders forming the GAN develop a shared understanding of the problem. The Global Water Partnership spent about three years actually building a collective understanding of 'integrated water resource management'. Developing this shared understanding among a small core group of diverse founders is a key development step. This understanding requires not just 'talking', but jointly experimenting with projects. Also at this stage a successful GAN will make the issue a compelling one for global stakeholders—it will be put on the global agenda.

At stage 3, solutions have been tested and in stage 4 the challenge is scaling-up. A report on the Global Compact as it entered this stage pointed out that a substantial number of 'national networks' had arisen as an under-recognised resource, and one focus in this new stage is to further develop the network with more countries. For the Global Reporting Initiative the key unit is corporations rather than nations, and it focuses very much on the number of corporations using its framework.

GANs as a global change strategy are new and have not yet reached their potential. One image of a stage 5 GAN is as a global membrane that will attract organisations around the world that are working on a particular issue; reluctant participants are caught up and find themselves working within systems structured by GANs. A forest company may not participate directly in the Forest Stewardship Council, but it finds itself working with a market and regulatory framework that are heavily influenced by the FSC. With this model, with regard to particular issues, GANs are robust global systems of accountability, knowledge development and sharing. (For more on development stages, see Waddell *et al.* 2006; Waddell and Khagram 2007.)

Conclusions

When the war in the former Yugoslavia broke out, there was a traditional reaction: government was responsible for a resolution. The painfully slow response by the 'global community' meant widespread destruction of lives and homes, businesses and wealth.

The logic behind GANs suggests a very different response, where the issue of war would be a global *societal* one, not simply a government one. GAN logic suggests the importance of all actors shifting from bystanders to participants. Businesses and business associations with any type of connections with Yugoslavia would clearly communicate the unacceptability of force and take action in the economic sphere: businesses would run the economic embargo, not the United Nations. Churches, unions, international movements and NGOs with connections would do the same in their spheres. There would not simply be a UN Security Council where nations become paralysed with their own national interests; there would be a global, intersectoral one where the truly global interests of corporations and civil society could trump narrow national ones.

There are many difficulties in realising this vision, but it is not simply a fantasy. It is the product of compelling change principles that come with our emerging global infrastructure for change. The embryo can be seen in the GAN called the Global Partnership for Prevention of Armed Conflict. And, in a series of Global Compact dialogues with business and government in conflict-prone regions, business's understanding of its responsibilities and governments' understanding of their limited capacity also became evident.

The rise of the GAN logic is evident in the arena of disaster response as well. The reality of the implications of lack of involvement literally came crashing down with both hurricane Katrina and the tsunami in South-East Asia. Corporations understood they could not be bystanders, that they have to be more proactive in partnering with others to both prevent and to respond to such calamities that clearly impact the well-being of business. GANs are new agents for engaging businesses in such responses: Transparency International, for example, had an important role in building a solid anti-corruption foundation in post-tsunami Indonesia.

With climate change and globalisation advancing, national borders will become increasingly ephemeral and connections tighter. Business leaders who claim that business cannot take responsibility for all issues are correct—and no one is asking them to do so. However, business has a clear stake in our global future and it will increasingly support development of GANs as an important vehicle to ensure that business takes its role in global issues.

It is important to remember that GANs are still not fully mature. But out of these seven change principles arise an archetype for GANs as successful global change agents. These new organisations will:

1. Be 'whole-system' organisations; today's era where one organisational sector is excluded or one has a privileged position will be replaced by true partnerships of diverse peers
2. Have important and sophisticated sub-organising (including global-to-local) around the organisational sectors, to ensure their voices are clearly represented
3. Be agile at integrating personal, organisational and societal transformation
4. Challenge dogma and assumptions to develop social innovation
5. Skilfully inspire change within issue fields by developing collective will in non-hierarchical or brute force-dependent ways
6. Be able to orchestrate expanding circles of third-, second- and first-order change as innovations move from pilot projects to broad application
7. Act as trusted, legitimate agents among diverse stakeholders on the basis of transparency, accountability and effectiveness

As a collection, if GANs build relationships among themselves they can very well become an important new global governance mechanism for organising the three types of change and issue systems. They could become important places where global social contracts are developed on an ongoing basis between the diverse global stakeholders.

Although GANs hold substantial promise as global change agents, they also face many potential problems. They may be subsumed by a reinvigorated set of intergovernmental institutions such as the UN and those of Bretton Woods. GANs may prove incapable of engaging a sufficient number of stakeholders in a sufficient number of issue domains for them to become a critical global organising logic. GANs may simply become another set of global bureaucracies and talk-shops. Individually, they may never develop the type of impact measuring systems that provide the needed types of feedback. They may simply become accountable to elites, rather than citizens globally. Already we see danger signs that some are chasing out the ‘movement’ and ‘deep change’ parts of their missions and potential because it is easier to flow with the status quo, maintaining sustained antagonism involves pain, and their change competency is insufficient.

However, the norms that are giving birth to GANs are also part of a much broader set of global changes associated with new information technologies, an increasingly globalised economy and greater ease of travel. The collaborative governance model that they represent is one that is increasingly active at the subnational level as well, mainly because they are more effective than many traditional state-driven solutions (Zadek 2005). And perhaps the strongest driver of GANs’ development is that they hold the promise of being critical for sustainable development. GANs may not become *the* dominant global change vehicle, but they are likely to be significant.

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