Major Global Influences at the Start of the New Millennium

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Summary

This paper identifies 8 influences expected to have the most impact globally at the start of the next millennium, and provides an elaboration of each influence selected. It assumes that the millennium computer bug is no longer a problem.

The major global influences for the start of the new millennium will be

- **Globalisation v. Regionalisation**
- **Abundance v. Scarcity**
- **Economic Short-termism v. Sustainable Development**
- **Materialism v. Spiritualism**
- **Demographics**
- **Leadership v. Management**
- **Science v. Technology**
- **Social Cohesion**.

These influences overlap and are linked.

Of all the influences, **technology** is the one that is able to both create tension and to provide the solution to the other influences. **Technology** and **knowledge** are inextricably linked. **Knowledge,** which can be identified as **brain power** (include being **street smart**), **intellectual property, innovation** and **creativity**, is becoming the prime factor of production, and as a result becoming more important than land, labour and capital in the creation of wealth. This new paradigm will be marked by **hyper-competition**, **successive technological revolutions**, and

social dislocations and **conflicts**. All this is creating a degree of **high unpredictability** and **non-linear conditions**. At the same time, **knowledge** is recognised as being **culturally-based** and **value-based** (what is rational in one culture can be irrational in another).

On the other hand, the **social cohesion** (which includes relationships) is the vehicle that is required to mitigate the negative consequences of these other influences, especially for handling the **paradoxes** like globalisation v. regionalisation/marginalisation, etc.

Future success stories will be those who continually staying ahead of the change curve, constantly redefining their industries/businesses/activities, creating new markets, blazing new trials, reinventing the competitive rules and challenging the status quo. While those in "the me-too-crowd", who just respond to change, will be left behind.

Introduction

The aim of this paper is to stimulate discussion of the 8 global influences and their justification for selection. It is not as comprehensive as may be desired, but draws together many of the central ideas for more focused exploration.

Four assumptions underpin the core discussion in this paper, and they are **areas of consensus, cusp, new terminology required, change - a new paradigm required** and **success criteria for the 21st century.**

- **Areas of consensus**

There are 2 areas of consensus amongst most forecasts for the future. It is agreed that

- we are approaching a point of critical mass from which there is no return, especially with the current global fragility and complexities;

- the future will be different from the past, as a result there is a need for a paradigm shift in thinking and action as our present paradigm is unable the handle the present situation, let alone the future

- **Cusp**

There is an urgent need to scrutinize the actions of today in relation to the implications for tomorrow. A **"cusp"** is required: in other words, the right ideas or document to be presented at the right time in the right style that is acceptable to enough people so that effective action is developed to handle the situation.

When an old paradigm crumbles and anew one is not yet fixed in-place, we get a great burst of creative thinking. This is occurring now, with the collapse of the **industrial paradigm** and the dawn of the **knowledge-based paradigm**.

- **New terminology required**

There is a need to **re-work** the **terminology** which reflects our current mindset, and which is not helping us to think of ways to jump out of this mindset into the new one required to handle the future. For example, when people are discussing "career", most think in terms of careers via work, employment and jobs with an employer from the time of finishing formal education as a youth through to retirement. Currently the nature of a typical US worker's job changes 6 times in a lifetime. Yet career is a much broader concept, and this emerging reality has been accurately described as a **portfolio** career, ie the combination and sequence of roles played by a person during the course of a lifetime, including activities around the home and for the community, etc that is defined by you **-** in other words, the concept is more holistic and includes **self-employment.**

Words like plan, operate, control and measure have less meaning in our turbulent world, while words like **accountability, responsiveness, "buy-in", flexibility, stewardship, innovation, adaptability**, etc are more meaningful.

- **Change - a new paradigm required**

It has become a truism that the only constant is discontinuous, accelerating change. As Charles Darwin observed

"... it is not the strongest of the species that survives, nor the most intelligent; it is the one that is the most adapted to change..."

As Willis Harman claimed

"...change happens when a lot of people do a lot of things a little differently..."

and these small increments can be the building blocks towards a more fundamental change.

Furthermore, change can be unpredictable, unanticipated and turbulent, which creates uncertainty in the minds of individuals and organisations about the future. With accelerating, discontinuous change it is impossible to account for all the initial conditions and minor disturbances that can have major impact on individuals and organisations. Things are happening out there that our current mindset cannot explain. Thus, both individuals and organisations need to maintain maximum flexibility and adaptability to productively handle the unpredictable and unknown ahead, ie **terra incognita** (the uncharted landscape of tomorrow). We have got to learn to live with chaos and uncertainty, and try to be comfortable with it.

This requires a **new paradigm** based on a different set of assumptions.

As proposed by David Brown and Larry Brooks, all aspects of the universe are

- **interconnected;**

- there are **no absolutes;**

- **human behaviour** can be understood only in the context in which it occurs;

- the **subjective frame of reference of human beings** is the only a legitimate source of knowledge.

As individuals understand their environment and participate in events, they define themselves and their environment in this context. Furthermore, there are no permanent paradigms!.

Today's **knowledge revolution** is forcing organisations to operate in radically new, continually shifting ways. The faith of the industrial age in such things as vertical integration, synergy, economies of scale and the hierarchical, command-and-control organisation is giving way to a fresh appreciation of the following elements:

  - **outsourcing,** especially of non core activities

  - **core competencies** are now regarded as less significant than **innovation** in the area of product, production and organisation (especially in communications, information, advanced materials, electronics and biotechnology industries)

  - **economies of scale** are less valid than **economies of scope** (the ability to supply a wide range of different products)

  - **profit centers** linked with clusters of large, highly skilled labour supply

  - **networks and other diverse forms of organisation** that allow life-long learning.

Every shred of industrial-era thinking is now being rescrutinised and re-formulated.

Despite the discontinuous, accelerating change, some things are not changing in a macro sense; these include cycles of day and night, the seasons and humanity's basic needs for survival (food, water, reproduction and shelter).

- **Success criteria for the 21st century**

Robert Theobold advises

"...The required success criteria for the 21st century are ecological integrity, effective decision-making and social cohesion..."

Ecological integrity is replacing our current commitment to maximum economic growth (compulsive production and consumption, and the resultant waste), with sustainable ecological development.

Effective decision-making will be more at the "grass roots" of the community rather than through top-down policy shifts.

Social cohesion is necessarily linked with effective decision-making as more people realise that the traditional answers and policy measures from "experts" are of dubious efficacy.

Currently we are in a state of **co-intelligence** as described by Tom Atlee:

"...things are getting better and better and worse and worse, faster and faster..."

Major Global Influences No 1

Globalisation v. Regionalisation (including localisation, tribalisation, marginalisation & fundamentalism)

Globalisation can be discussed at 4 levels:

- **world-wide** (the growing level of economic interdependence);

- **national** (the extent of an economy's inter-linkages with the rest of the world);

- **industry** (the extent of an organisation's competitive position within that industry in one country is interdependent with that industry in another country);

- **organisational & functional** (the scope of an organisation and its functions to expand beyond borders).

There are 4 trends at the core of **globalisation,** as stated in The Financial Review:

"...- an ever increasing number of countries are embracing the free market ideology;

- the economic center of gravity is shifting from the developed to the developing countries

- technological advances are constantly improving communications;

- the opening of borders to trade, coupled with investment and technology transfers, creates new market opportunities for companies but also enables competitors from abroad to enter the home market..."

Despite the current hiccup of the Asian crisis, the change in economic gravity to the developing countries will continue.

Globalisation has blurred geographical, economic, social and political boundaries to make the world a networked place. This process has fostered increasing interdependence and trade liberalisation, as expressed in increasing cross-border flows of goods, services, capital and know-how. Furthermore, it has resulted in the increased competition, visibility, transparency and accountability of the world. It has also facilitated direct interaction between organisations and their customers, as the traditional distribution channels and mass advertising approaches are bypassed.

So far globalised industries tend to be dominated in every market by the same set of global companies which co-ordinate their strategic actions across countries. Nike, Reebok and Adidas in the sports footwear industry are examples of this.

With globalisation, we are witnessing the increased universal use of English for communication. Paradoxically, **globalisation** has highlighted an increase in **regionalisation (localisation, tribalisation, marginalisation & fundamentalism)**. As a result, the expression

"...think globally but act locally..."

 is very applicable. **Localisation** and **protectionism** are a reaction by regions to factors like **globalisation** and market failures**.** Examples of this are seen in the defence against globalisation is the **native populism** and **protection of national cultural identity,** ie the EU partly justifies spending around $60 billion annually to European farmers on the basis that it is maintaining a "rural heritage" in the EU. It can be evidenced in the increasing **tribalisation** or the embrace of **fundamentalism** as seen in the Old Soviet Union and its former satellites, like the Balkans, and in Africa and the Middle East**.** This type of activity will increase as local communities strive to maintain their own identities while coming under increasing pressure for integration and uniformity from **globalisation** and **Westernisation,** ie a homogenous, monochrome global culture of fast music, fast computers and fast food**. Marginalisation** is more a reaction to market failures, and some of these failures are the result of **globalisation.** In the extreme cases of **marginalisation,** the response can be **terrorism** like in the Middle East and Balkans.

Globalisation and technological change has produced an increasingly differentiated labour market, ie those that have the new knowledge (knowledge worker) and those that don't.

Major Global Influences No 2

Abundance v. Scarcity

(non-renewable v. renewable resources, "haves" v. "have nots")

Non-renewable resources are **diminishing** while **renewable resources** are **abundant**. As the current usage rate of **non-renewable resources** is unsustainable, there will be a switch to alternative, **renewable resources**. For example, in energy usage there will be a switch from the use of **non-renewable (**and **polluting) resources** like coal and nuclear power, to more **renewable resources**, like biofuels, solar, wind and water (tidal & hydrological). While the ownership of **non-renewable resources** is in the hands of the wealthier regions (**"haves"**), the **non-renewable resources** are not; however, the technologies for the use and distribution of **renewable resources** are still controlled by the wealthier regions.

A substantial portion of the world's population (**"have nots"**) is subsisting on minimum incomes, more often than not below the poverty line, at times when sufficient productive potential is available to supply the needs of everyone. Robert Theobold writes:

"...United Nations figures showed that in 70 countries, citizens are now on average poorer than they were in 1980. In 43 countries, they are poorer than they were in 1970. To support this "The Guardian" newspaper claims that the richest 20% of the world's population increased their share of total global wealth from 70% to 85% over the same period, while the poorest lost ground moving down from 2.3% to 1.4%..."

Previously, economic growth came from increasing resource inputs and/or increasing consumer demand and it has been demonstrated that the use of resources and technology can raise the productivity of a pre-industrial and unskilled manual labor force to world class levels in virtually no time, as happened in Korea and, more recently, Thailand. Technology - brand new technology - is generally available quite cheaply on the open market eg digitalisation (mobile phones).

Yet future economic growth will come from a very sharp and continuing increase in **productivity** initiated by **knowledge work** (intellectual capital) and **knowledge workers**. Despite the readily available knowledge for emerging countries, they lack the infrastructure, like educational facilities, that the developed countries possess in **knowledge work.** The **knowledge workers** will have the economic power, and these people will be concentrated in current developed regions like USA, EU, and Japan - which gives a decisive competitive advantage to these regions.

Knowledge is different from all other kinds of resources. It constantly makes itself obsolete; with the result that today's advanced **knowledge** is tomorrow's ignorance. To manage this situation, both individuals and organisations are necessarily developing **life-long learning processes**. **Knowledge** is now subject to rapid and abrupt shifts; from a pharmaceutical emphasis to genetics in the health-care industry, and from PCs to the Internet in the computer industry. The implications of this are that the world economy will continue to be highly turbulent and highly competitive - prone to abrupt shifts as both the nature and the contents of relevant knowledge continually changes.

The gap (especially financial) between the **"haves"** and **"have nots"**, in individuals and regions, will widen, and thus increase the potential for social unrest and conflict. This gap is most obvious in the political/trade blocs, with the blocs of the **"haves"** being found in the under-populated, developed regions of the world (Japan, nations of Europe, and North America). As these blocs (EU, NAFTA, APEC, etc.) become more significant, their growing strength will heighten the dissatisfaction of the **"have nots"** who desire to rise to the levels of wealth of the

"haves". Their lack of understanding as to why this is not possible, without unsustainable ecological damage, will only intensify this conflict potential.

Major Global Influences No 3

Economic Short-termism v. Sustainable Development
(ecological and sociological)

Economic short-termism stresses short-term performance indicators like financial returns on monthly, quarterly, 6 monthly and annual reporting cycles. Yet ecological cycles do not follow the business reporting periods. As Ron Passfield warns,

> *"...We see profitability and bottom-line as realities divorced from connections with nature and society. We fail to see that the real bottom-line is you, me and our environment..."*

As a result, our current corporate and government organisations are unable to achieve the delicate balance required under the concept of sustainable development. Passfield further observes,

"...We have focused on the cost side of the profitability equations to the exclusion of the capability and the revenue side. We have become obsessed with cost cutting (and in the process increased the organisational and social cost) to the exclusion of capability development - the source of sustainable profit and sustainable competitive advantage..."

To achieve **capability development**, we need to develop **flexibility** and **responsiveness**, **creativity** and **innovation**, **diversity** and **adaptability** rather than maintaining the control, accountability and conformity approach that is being required under **economic rationalism**.

The trends towards **privatisation/commercialisation/corporatisation** in the public sector will increase, in an attempt to improve both the **efficiency** and **effectiveness** of public resource usage. At the same time, criticism is increasing about the **equity** issues (social cost of downsizing, loss of expertise, etc) that are associated with this trend. Thus there will be an increasing trend to **community-based resource deployment (**more control of resources at the "grass root" level).

The **free market**, as a basis for **economic efficiency** and **effectiveness**, may indeed be a better mechanism for making choices than government control. However, the **free market** model (**price mechanism**) is based on the unrealistic assumption of perfect competition (equal access for all). This type of assumption is not valid in the real world, where access is not equal. Furthermore, the **free market** is ill-equipped to handle the equity issues, and satisfying community needs and desires of **social cohesion**, **cultural strength** or **long-term ecological viability.** There is enough evidence to suggest massive social injustice and environmental

disaster if everything is left to market forces alone, and thus **free markets** need to be managed within **ecological** and **social constraints**.

In the poorer countries, ecological problems are closely linked with population increase, where as many as 70 percent of the population are under 25 years old. In the wealthier countries, on the other hand, ecological problems arise from increased production of goods and services, and the accumulation of waste that results from the pursuing of maximum economic growth at the expense of environmental sustainability.

For **sustainable development,** both **cultural** and **ecological diversity** are essential for survival. David Suzuki highlights this duality:

"... Cultural diversity and biological diversity go hand in hand...... cultural diversity has been just as crucial to humanity's continued vigour and success in a variety of ecosystems......Nature is in constant flux, and diversity is the key to survival......diversity confers resilience, adaptability and the capability for re-generation..."

Thus there is a need for **ecological literacy** (understanding the principles of ecological communities and their ecosystems), using those principles for creating sustainable human communities. This paradigm challenges current mindsets about the nature of organisations, profitability and sustainability, and is in stark contrast to the impact of **economic rationalism** as discussed above.

Fritjof Capra has identified a set of key principles that foster sustainable ecosystems and which apply to achieving sustainable profitability:

- **interdependence** (interconnection and mutual dependence of all members of an ecological community such that the success of an individual and the whole are interdependent);

- **relationships** (the web of life involves a vast and intricate set of relationships that need nourishing);

- **multiple and non-linear feedback loops** (small disturbance can be amplified by multiple, interdependent feedback loops);

- **cyclical nature** (nutrients are continually recycled as the waste of one species is food for another - there is no waste in nature);

- **diversity/variety** (it is essential for the survival of an eco-system as it provides richness and sustainability).

Major Global Influences No 4

Materialism v. Spiritualism

(free market v. equity issues)

Materialism spawns a belief system that awards credibility to numbers and seeks contentment in their apparent solidity and tends to ignore the social and human issues. As people are overloaded with data and information, the enumerated list resonates favorably because it promises to present facts in a finite and controllable package. It must be remembered that data is not information, information is not knowledge, and knowledge is not wisdom.

Materialism as shown by conspicuous consumption runs the risk of reducing rather than improving the quality of life. The world's richest 20% account for 86% of expenditure on personal consumption. With increasing access to information more people are becoming aware of the inequalities.

Furthermore, with life becoming more complicated and uncertain, there is a nervousness about the future - with a resultant re-newed interest in the **simple things in life** in the wealthier regions. This trend is strongly allied with a movement towards **personal spiritual discovery**. In some cases people are increasingly seeking black and white answers to some of life's enduring questions, and fundamentalism and philosophical absolutism promoted by cults and extremists are appealing to a broad section of the world populace.

Linked with this return to **spirituality** is the **search for community**. Formal and informal associations are enjoying a revival. Worldwide trends in the wealthier areas of **"new urbanism"** aim to provide a better quality of life by putting residents' daily necessities - work, food, shopping and socialising - within walking or bicycling distance. Safe urban environments and unmatched cultural opportunities are prompting a revival of inner cities.

More and more people are adopting a **holistic** and **preventive approach** to life (especially health), and embracing a concept of **"right livelihood"** (the desire of people to make a living in ways which satisfy themselves and respect ecological necessities). Thus the relationship between work, income and prestige has changed and will continue to alter. Previously these aspects of life were a single package: people's jobs determined not only their income but also their status as well as their ability to experience work satisfaction. This nexus is being broken, with the choice of whether to hold a traditional job, or not, increasingly a **lifestyle** choice in the wealthier countries.

Differences in thinking and attitudes will intensify over **family value** issues that include attitudes to life and death, human cloning, genetic testing, an increasing, productive life span and assisted suicide.

Cyber space is emerging as a powerful medium for forging friendships, business relationships and cyber communities. Already cyber communications is more convenient and less expensive than traditional means of communications like phone and mail.

Major Global Influences No 5

Demographics

(ageing population v. youth, "haves v. have nots", generation gaps)

With the **declining birth rate** in the developed world **("haves"),** the younger people will be unable to handle the increasing burden of supporting a **growing population of older, non-working people**. For example, in Japan it is predicted that the country's population will drop from the present level of 125 million to 55 million - a 56 percent drop - within the 21st century. Furthermore, the mix between the younger people of prime working age and older people in these developing countries will deteriorate at about twice the rate of the drop in population. Even if a baby boom began soon, it would take 25 years for these new babies to become fully educated and productive citizens. In other words, one of the few certainties is as Peter Drucker points out,

"...the under population of the developed countries is an accomplished fact..."

Furthermore, results of the recent cellular research suggest that one's "productive" years may extend far beyond what the average person experiences today and these shifts, and how we work and live, have enormous implications for everything from long-term financial planning to leisure industries, from education to health-care. With these demographic trends, as Drucker observes,

"...the future has already happened..."

We are creating it now.

On the other hand, the **"have nots"** will continue to have large population growth, which will put increasing pressure on both the domestic use of resources, and on **"haves"** to share resources with **"have nots".**

In the wealthier countries the different generations have been described as **"thrift generation"**, **"baby boomers", "X generation", "Y generation"** and **"Z generation".** The Courier Mail defines

- the **thrift generation,** as born before 1940, and thrifty irrespective of wealth; they hate any form of waste and have acquired wealth beyond their expectation owing to inflation and superannuation.

- the **baby boomers,** as born between 1945-1960, are demand-driven, and at the first signs of marital stress they divorce; generally they lack spirituality; they dictated the arrival of Big Mac, blue jeans, retirement villages, KFC and crematoriums, and wealth creation is important to them.

- the **X generation,** as born between 1964 - 1975, is insecure, and afraid that their parents would divorce, they possess a strong sense of failure; they are not interested in commitment and prefer genuine friendships between sexes without romantic involvement.

- the **generation Y**, as born between 1975-1985, have developed individual values; they are spiritual; they are fearless of technology and take for granted many things the baby boomers saw as treats; they are not into wealth creation and prefer to work to get money to spend on holidays.

- the **Z generation,** as born after 1985, and are called the **Infotronic Generation** with a dominating interest in electronic communications like television, home computers and other electronic gadgets.

The **differing attitudes** of **generations** will need to be considered. For example, the aging baby boomers, who are in positions of power and influence, do not see "retirement" as the end of a productive working life. Furthermore, if population growth falls below replacement rates, people may have to work longer to provide the wealth required to pay for health care and pension, especially with other pressures for the public money like child care and education. Also, amongst the baby boomers there is an increasing trend to **SKIN's** mentality (spend kid's inheritance now)

Major Global Influences No 6
(Roles of Leadership v. Management)

Despite a frequently verbalised preference for **stability (**with reference to family, job, personality, job history, economic growth, organisation, political system, and currency, etc.), it is no longer the norm. Increasingly, the world environment is becoming more volatile - witness the current problems in Asia (especially Indonesia), Latin American, Middle East, Russian and Baltic "war".

As the Harvard Business Review informs us

"...it is a world of dynamic, quantum change where the patterns of the past can become a hindrance rather than a help..."

One third of the current Fortune 500 organisations have emerged in the last 7 years ago.

Competition comes from where you least expect it. In a recent survey commented on by Gary Hamel, it was found

"...industry newcomers - not the traditional competitors - had taken the best advantage of change over the past ten years......by profoundly changing the rules of the game..."

Tim Flattery and Rosemary Herceg observe that the traditional business rules threatened are *"...*

- *brand creation as a long-term proposition*

- *consumers are loyal*

- *the cost of entry is high*

- *traditional advertising is essential*

- *full-time employment is the answer*

- *sticking to core business is the only way to grow a business..."*

People like Murdoch, Gates and Branson do not play by these rules, and this trend is expected to intensify.

In this new world, competition will be fierce and markets merciless; small organisations will out-smart giant corporations on a global scale; customers will have infinite access to products, services and information; networks will be more important than nations; to survive business will have to operate in "real time".

Organisational thinking will move away from an emphasis on linear, analytical, straight line (cause and effect), quantifiable, convergent (only one best way) thinking to a **more systematic** and **holistic approach with divergent (more than one answer) thinking** that involves the likes of action learning, double loop-learning, self-organizing systems, positive and negative feedback loops, instability within stability, etc. Part of this trend involves understanding how the Chaos Theory works.

The basis for Chaos Theory is that the universe is uncertain, problematic and complex: order within disorder or without predictability. As Gil Sawford states:

"...Chaotic systems display a repetitive pattern, constant fractional dimensions at all levels of scale. The evolution of these systems is sensitive to initial conditions and to continuous small disturbances. Owing to the difficulty of stipulating precise initial conditions, their behaviour is unpredictable and random. Chaotic systems are deterministic, but you do not know what you are going to do next. When applied to non-linear feedback systems, Chaos can explain how

variations in inputs and continuous small disturbances can quickly produce confounding variations in outcome. Accurate predictions are hard, if not impossible, to make as a feedback loops magnifies variations, taking the system to a state that we are unable to determine......The long-term future is not only unknown, it is unknowable, and the efficiency of long-term planning is delusive. The border between stability and instability is a compromise of both order and recurring disorder. This border is far from the equilibrium state of chaos where specific long-term outcomes are unknown. This can be represented graphically showing the original shape of stability recurring over and over again. Humans are able to use this recurring patterns analogy by reflecting on experience and adapting to new situations. This allows us to create reasonably predictable short-term futures, and long-term futures that can be managed in an emergent way..."

As no one alone can create an environment that ensures continual innovation and infusion of knowledge, a **"community of leaders"** will need to evolve. Peter Senge believes that this will involve:

- **local line leaders** who assume bottom-line responsibilities (such as managing business units);

- **executive leaders** who act as mentors to local alignment leaders;

- **internal networkers** who move about an organisation generating and fostering commitment to new ideas and practices.

Senge's perspective suggests that in knowledge-creating organisations, these 3 types of leaders will be mutually-interdependent, and thus previous hierarchical models of leadership will be outmoded.

In a similar vein Warren Bennis talks about "**leaders of leader**":

"*...They will decentralize power and democratise strategy by involving a rich mixture of different people from inside and outside the organisation in the process of inventing the future. They will be comfortable with a concept of discontinuity and will understand how to use it to create opportunities. They will enjoy change to encourage a pro-change culture in organisations, and be adept at fostering creative collaboration, ie a hierarchy of imagination...*"

Furthermore there will be a return to **3 important interrelated activities** that disappeared in the age of specialisation: Senge identifies these as

- **research** (the disciplined pursuit of discovery and understanding that leads to generalisable theory and method);

- **capacity building** (the enhancement of people's capacity and knowledge to achieve results in line with the deepest personal and professional aspirations);

- **practice** (people working together to achieve practical outcomes and building practical know-how in the process).

The future belongs to those organisations that are prepared to look away from the traditional management competencies (linked with technology and economic imperatives) to cultivate **vision, daring, innovation** and **creativity** in their executives and staff. This focus will need to be reflected in the reward systems.

The **traditional hierarchical structure of management (**control and command, and top-down directive style), will change in favour of a **more fluid, flexible, co-operative, collaborative** and **adaptive structure,** like the virtual organisation. The autocratic, aloof, status-conscious, competitive, convergent-thinking, left brain-dominated executives will be less of a force in the future in senior management. Attributes of **leadership** will be less attributed to "personal charisma", and more to being in tune with followers' needs and development and divergent thinking.

John Kotter writes that we are over-managed and underled, and that l**eadership** and **management** are different. **Leadership** competencies are about stretching, inspiring & creating, while **management** competencies are more about organising, controlling & maintaining. **Management** is **transactional,** ie operates in a currency of co-operation; **leadership** is **transformational**, ie out to change the currency of operations. **Management** is a set of processes that can keep a complicated system of people and technology running smoothly, ie planning, budgeting, organising, staffing, controlling and problem solving. **Leadership** is a set of processes that creates organisations in the first place or adapts them to significantly changing circumstances, ie defines what the future should be like, aligns people with that vision, and inspires them to make it happen despite the obstacles. Usually **leadership** competencies can build on existing **management** competencies rather than replacing them. The leader's job is to establish the processes and environment by which people learn together. The relationship between leaders and followers must be one of trust and shared values..." As Lao Tzu wryly observed,

> *"...When a leader leads well, the people say they did it themselves..."*

The core leadership philosophies will include understanding the paradigm shifts and new language in thinking. This includes concepts such as generative systems; corporate ethics,

values, virtues and behaviour; multiple intelligences; millenarian memes; spiral dynamics; social systems (archetypal) theory, languaging; accelerating systems (change appreciative inquiry).

Too much past success and growth of large organisations has emphasised the need to manage, rather than lead. Only **leadership** can blast through the many sources of inertia, and it can begin with one or two people. At the same time, competent **management** is needed to stop the change getting out of control. Thus **leadership** and **management** must work in tandem.

Leadership and **authority** are based more on **empowered competence** and **knowledge, skills, wisdom, perspectives** and **experience**, and this will replace the dominance of coercive power. This new type of leadership has been described as **servant leadership (**those who seek to empower others rather than to control them**), and sapiential authority (**people and communities are empowered by having the power, including the resources and ability, to make their own choices more often). The use of new electronic tools, like the Internet, is helping this empowerment to gather momentum. As result of this, there will be less power in the hands of bureaucrats (in government and non-profit organisations) whose ability to make a living depends on their ability to impose solutions on others - whether they want them or not. In fact, bureaucrats will return to being public servants, ie servants of the public. This empowerment allows communities to develop a social cohesion and sense of accomplishment that so many are lacking today. It is based on people developing personal self-esteem. Robert Theobold stresses the need

"...to allow people the time and commitment to get involved in decision-making means that there is the need to decrease lifetime hours spent on jobs; discourage consumption rather than promote it; provide people with opportunity to learn on a lifetime basis; reintroduce spiritual values into decision-making processes & use them as a compass..."

In the wealthy regions many *c*onsumers will be delivering a single message to product and service suppliers

"..when it comes to life's chores, the things I must do, please do what you can to simplify them.."
These same consumers are becoming increasingly

"...cash rich but time poor...",

and want more **free time to do things they enjoy.** This will place increasing emphasis on innovations (eg "pay at the pump" technology, pre-packaged goods like meals, and online grocery shopping coupled with home delivery).

Those entering the workforce today are more likely to have **more career changes** and **a longer working life**. Awareness of the necessity for **life-time learning** and **employability** gained by

increasing levels of skills and expertise will result in more career changes, and less loyalty to an organisation.

There is a trend for careers to move from "deterministic planning" to emphasizing "**emergent"** careers which are multi-directional and probabilistic. It has been suggested that in 10 years time, 70 percent of the jobs that people will be doing do not currently exist - in the current environment of accelerating and discontinuous change, one only has to look back 10 years to appreciate the accuracy of this statement. There will be new ways created and invented for accomplishing the field of work, and those who adopt a reactive standpoint will be left behind.

Major Global Influences No 7

Science v. Technology

Science is the search for **truth (relative** and **not absolute)** and **knowledg**e, while **technology** is the application of science. Truth and knowledge are culturally and value-based, ie what is rational in one culture can be irrational in another. One of the challenges is to handle the cultural differences (actual and perceived) in rational and irrational thinking.

Barbara Lepani has identified the key drivers of science and technology:

"...***mind*** *(extension of information technology into machine intelligence /consciousness);*

*   ***life*** *(development of DNA technology, and choreographing of life at will);*

*   ***matter*** *(the quantum revolution with the ability to manipulate and choreograph new forms of matter, almost at will);*

*   ***knowledge capital*** *- the three drivers above are creating this..."*

The use **of technology** is important. Over the last 50 years **technology** has been very successful in reducing input costs and disseminating information. **Technology** is an essential, but not a sufficient, tool for handling the future.

From now on, **technology** is expected to have most impact in the 4 areas: as identified by The Australian Financial Review they are

*   **the Internet;**
*   **digitilisation;**
*   **the human genome project;**
*   **nano-technology** (moving from chemical to atomic manufacturing).

Nano-technology promises to have the greatest impact with the possibility of ending scarcity.

One of the biggest challenges of **technology** is to keep it **simple** and **user-friendly.**

The **Information Age** has doubled the world and exponentialises our inputs, forcing us to deal not only with reality itself, but with a constant stream of information about reality. The Internet is the most obvious illustration of the **Information Age**: no one owns it and it has caused an explosion of data that is now more readily available. As most of this data is "mere noise", one of the challenges is turning this data into something useful like information and knowledge. A further evolution is that the Internet is changing the boundaries of what has been regarded as private and public domains.

Technology will allow us to undertake great technical works that are currently perceived as impossible to achieve, in the same way that getting a man to the moon was perceived in the late 1950s.

As Peter Drucker writes,

*"...Currently around **90%** of the traditional sources of information for an organisation are sourced from inside the organisation and/or the industry, yet around **50 %** of the technology that affects an organisation and industry comes from outside..."*

Increasingly organisations will need to look outside their industries for answers. In fact, **knowledge** has crossed the boundaries between industries, between organisations and between occupations. Empowered individuals are utilizing the transferability of their knowledge, skills and abilities in search of right-fit.

Knowledge makes resources mobile, especially as knowledge workers will carry **knowledge in their heads**. This will mean that **management systems** and **organisational structures** will change. There will be a shift from full-time employees to more contractors, experts, consultants, part-timers, joint venture partners, etc. An increasing number of people will identify themselves by their own **knowledge** rather than by the organisation that pays them. As a result there will be many different types of organisational structures. Every organisation will have to be designed for a specific task, time and place or culture, as exemplified in the establishment of temporary structures such as task forces and teams. Already there is a movement away from a position-based workforce to a project-based workforce; getting the work done in this changing workplace is increasingly reliant upon self-management within clearly defined organisational boundaries. This leads to the concept of **self-organisation** as described by William Bridges: all workers essentially work for themselves and are self-employed, irrespective of whether they work in their own organisation or in an organisation owned by someone else.

An increasing amount of work is being done on the issues of **knowledge management**, ie the assessment of knowledge assets, new approaches to organisational and individual learning, and the attempt to create a metric for dealing with knowledge. Yet some professions, like economists, ignore or underestimate knowledge as a factor of production.

Technical tools are becoming more complex and inter-connected, and more central to operating a business. At the same time, we are suffering from "information overload", a term which describes the gap between the volume of information and its effectiveness. Paul Saffo suggests that **technology** will develop new sense-making tools that will help people **visualize** and **simulate. Visualization** techniques will reduce vast and obscure pools of data into easily comprehended images. **Simulation** systems will become intellectual training wheels for executives, allowing them to experiment with strategies in the forgiving world of cyber space, just as the Gulf War pilots ran practice missions before flying the real thing.

Major Global Influences No 8

Social Cohesion

(human and cultural alignment)

Social cohesion - as achieved by the art of human and humane leadership and management - is one of the dominant challenges and needs a keen insight into the human condition. The temptation, as simulation and other sense-making tools become more sophisticated, will be to rely on substitutes for human judgment.

Models of reality and **developing wisdom** are integral parts of **social cohesion**.

Barbara Lepani identifies the **models of reality** to be:

"...**dualism** *(making a clear distinction between self and the external world, with a true/false dichotomy);*

***multiplicity** (recognition of many truths);*

***contextualised relativism** (importance of context in defining true and false);*

***wisdom awareness** (beyond the distortions of conceptual bias in perception)...*"

Developing wisdom, according to Barbara Lepani, requires:

"...**centeredness** *(a balance of equanimity and equality, the sense of personal spaciousness and mindfulness that enables us to care deeply while detaching from specific events, and our emotional reaction, long enough to see the larger patterns);*

clarity (the ability to transcend self-interest and cultural bias to achieve a deeper understanding of the interdependence of individuals and community; wealth creation and social development; human culture and the biosphere in which we live);......

compassion (the limitless power of human love to transform suffering and create well-being in ourselves and others) - compassion enables us to transcend self-protection to embrace our connection to others, to live from the space of respect, equality, and a kind heart, to transform fear, frustration and anger;

courage (wisdom in action, the ability to honour clarity and compassion in our thoughts and actions, to face our fears, to be open to our vulnerabilities but resolute in our commitment to embrace the joy of the dynamic flow of life)..."

Research by Arie de Geus on **long-lasting** and **successful organisations** shows that to survive and thrive in the long-term, a viable business must have

- **a consistent set of values** based on an awareness of the organisation's own identity and the community it belongs to and works with

- **a willingness to change,**

- **a passionate concern for developing the capacity and self-confidence of its core inhabitants as a community of human beings** and proof that the organisation values these more than its physical assets

- **conservatism in financing**

- **actively fosters a learning environment**

- **succession planning, ie** organising for continuity from one generation of management to the next.

On the other hand Peter Drucker states

> *"...every organisation has to prepare for the abandonment of everything it does..."*

There is an increasing rejection of **specialisation**, with a corresponding return to the **traditional model of community:** to a society that gave equal respect to elders for the wisdom, teachers for their ability to help people grow; "warriors, weavers and growers" for their life skills.

It is better to convince people to change via **dialogue** than **coercion**. With dialogue, people get ownership - they "buy in". In contrast, with coercion there is the inevitable backlash that shows up in resistance and avoidance of imposed policies. This backlash will almost always have significant destructive consequences.

We need to develop better ways to both analyse and solve problems. The current adversarial approach (either-or) or dichotomised thinking (win-lose) has many drawbacks: people take

opposing views and agree to disagree. There is the need to develop an approach based on "win-win" with "buy-ins", and a possible sequence suggested by Robert Theobold is

- **core creativity** (defining commitments and desired directions);

- **hopeful realism** (discovering the realities which determine what can, and cannot, be done and this involves understanding different rationalities, experiential learning and value choices, and asking the "right" question);

- **creating coalitions** (finding the individuals and groups which will join together in effective thought and action);

- **committed action** (determining appropriate steps which create movement in desired directions: to determine a degree of action which can be transformative).

Appendix 1

Some questions, suggested by Rowan Gibson, that need to be asked

1   General

- Why is the nature of competition changing so drastically? And what should we do about it?

- What exactly is the new network economy? How does it work? And why will it be so fundamentally different from the industrial economy?

- Will it be better to be big and powerful or small and flexible in the global economy? Should companies be broadening their product lines in order to serve the world? Or should they become more specialized and focused?

- Will technology make geographical locations increasingly irrelevant? Or will it make particular locations more important for particular industries in the next century?

- Why will global economic battles of next century be so different from the previous economic battles? How important will Asia's role be in the battle? Will the modernisation of Asia shift the world's center of economic, political and culture gravity from the West back to the East?

- Now that the old fight between communism and capitalism is basically over, will the new fight emerge between the different forms of capitalism? Does the concept of capitalism have a bright future at all? Or has economic progress turned out to be an empty promise?

- As technology democratises not just the workplaces, but our societies and our world, does it mean the end of government as we know it? Are we heading into a world that is essentially ungovernable, out of control?

2   Organisations

- How do we go about changing how our mental models into ones that are more systemic in nature, so that we can learn to look at the whole organisation and not just at some part of it that needs to fixed?

- What kind of role will technology play in the business transformation process?

- How do you go about creating a radically decentralized, networked organisation? And does federalism provide us with the useful model for making it work?

- What is it that truly binds a networked organisation together? Is it merely information technology? Or is it something deeper and far more meaningful?

- How does an organisation make the shift from just spreading information around a network to building new knowledge? Is it really possible to set up a "learning infrastructure"? And if so, will organisations begin to look more like universities than business institutions?

- What sort of principles will guide the successful 21st century organisation? Should top management give their people a meaningful share and voice in the ownership and the running of the organisation? And what does it take to build a "high trust" culture?

- As organisations and their networks become increasingly complex, how will we control them? And should we even try? Or will companies instead develop a bottom-up kind of control such as found in a flock of birds, or swarm of bees?

- If the traditional concept of management it isreaching the end of the road, will there be any role at all for the managers and for hierarchy in the future organisation?

- Will the shift to a new management model be a global phenomenon? Or will there be different rates of progress in different parts of the world?

3   Leadership and strategy

- Are organisations spending too much time managing the present and not enough time creating the future? Why is it so challenging to think strategically about the future? And how do you create the incentive within an organisation to do so?

- What should an organisation involve in the process of developing and implementing strategy? What should be the role of senior management in this process?

- How strategically focused can a huge organisation be? And should small organisations take a more flexible view of strategy than their bigger competitors?

- How important will technology be to creating a competitive advantage in the future? Will it have a long-term effect on strategy, or be more a tactical element?

- How can organisations balance the need for radical change with the need for strategic continuity? When does is it actually become necessary to change your competitive strategy?

- How can organisations make the most of emerging opportunities? And how can they de-risk these opportunities?

- What will be the essential differences between 20th century leadership and 21st century leadership? Will it take a special kind of leader to succeed in the global economy? And what impact will information technology have on the way leaders lead?

- Why is it so important to be " leader of leaders"? And how can we encourage leadership at all levels of the organisation?

- What can leaders do to ensure that their corporate culture will be a strategic asset rather than a change anchor?

- Is it the organisation's responsibility to give people a purpose in life?

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