

**TRANSFORMATION OF CORPORATIONS: TOWARDS APPRECIATIVE
SERVICE SYSTEMS**

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ABSTRACT

Corporations are playing a major role in the current societal change. They are an integral part of societies in which they operate and they directly and indirectly are part of the lives and wellbeing individuals. Social responsibility is a popular term in current business management, but how to create environment that enhances and values a sense of responsibility and appreciation both in societal and individual levels?

Economic structures are changing. Intensive cooperation, collaboration and competition are creating global network constellations that are continuously transformed. These global, networked, extended enterprises expand and shrink, form alliances and merge, spin-off, sell or close their units and outsource. These networks have desires and abilities to effect development of societies globally. When expanding they seek favorable environments for their operations with includes: markets, qualified employees and efficient and safe infrastructures. For some reason the importance of the societal role in corporate operations seems to be attaining more value. Corporate leaders are making strong statements related to societal development, such as educational policies and need for broad-based societal infrastructures. Good corporate citizenship, human and ethical conduct, closer connections to society, and concern for environment and nature are being emphasized. This is happening in home and host countries. Bad news travels fast so this trend may be for selfish reasons, and thus some of these expressed concerns only be cosmetic. They may only be for purposes of annual reports or in marketing materials.

None-the-less, there is a growing need to better understand customers, suppliers and employees. There has always been a lack of highly qualified people, but now they seem to be even more valuable to a firm. Investment on corporate education and the number of corporate universities are increasing. Creation of better working conditions for employees, and even for the personnel of suppliers and customers, requires participation and empowerment on a broad basis. Learning, working and service environments are becoming integrated by ICT (information and communication technology) solutions. This is happening within enterprises and with networks of customers, suppliers and other stakeholders. Traditional power structures are endangered by the process that is leading to distributed decision making, greater participation and empowerment of many.

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This paper discusses the changing role of corporations in the societal and individual levels. The challenge is to create appreciative environments that integrate social, psychological, physical and virtual (ICT) environments. If done well, these can facilitate negotiation, sharing of knowledge and mutual learning. Examples from the corporate world are provided.

Keywords: appreciative systems; change and development; learning, working and service environments

INTRODUCTION

The eternal quest towards the "ideal society" continues. This search has been intriguing philosophers for centuries. It can be seen in such documents as Plato's Republic and Thomas More's Utopia. Throughout history there have been explorations of new territories, violent revolutions, non-violent and persistent movements aimed at societal development and dreams of better living environments. Once again, we feel like we are at the edge of a new society. This emergent society has been given many different names (some of them conveniently reinvented), such as the Learning Society (Hutchins, 1968), the Information Society (Masuda, 1980, OECD 2000), the Network Society (Castels 1996), and the Civil Society (Seligman, 1995).

The descriptions of the Information Society, the Learning Society, the Network Society and the Civil Society partly overlap each other. The Learning Society emphasizes life long learning, competencies and other educational and knowledge related issues. The Information Society has been described as a society where information and knowledge are the key resources, and where information and communication technology (ICT) plays an essential role. The Network Society is built on interconnections facilitated by information and communication technology, but it also emphasizes social cooperation.

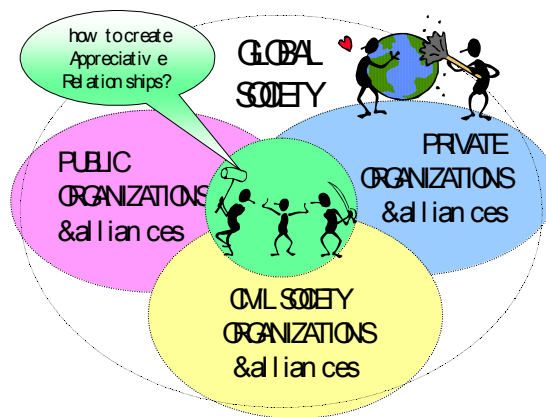


Figure 1 Global Civil Society

The Civil Society consists of the groups and organizations, both formal and informal, which act independently of the state and market to promote diverse interests in society

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(see Figure 1). While individual groups form the building blocks of the Civil Society, the concept's value lies in the extent and density of relationships among groups as well as the synergy between civil society organizations, government and business world. The Civil Society is not a constant, rather it is continuously evolving and its roles vary in different contexts and at different levels of economic development.

The role of business organization in the development of societies is crucial. Corporations can be source of economical development and social well-being. However, corporations can also create major social and environmental problems. Corporations do not operate nor survive isolated from the society, they are integral part of it. Our global society is an open, holonic system, consisting of multiple parts that are interconnected and overlapping. Social well being can be enhanced in various levels and dimensions. We can choose our viewpoint in many different angles:

- Individual view: well being of an individual citizen, a child, an employee, an expert, a retired person etc.
- Group view: well being of families, work groups and teams etc.
- Organizational view: well being of organizations, business organizations (corporations and companies), governmental organizations, non-governmental, non-profit, civil society organizations, local communities etc.
- Societal view: national society, regional society, global society
- Emergent views: networks consisting of organizations collaborating together, complex virtual constellations, etc.

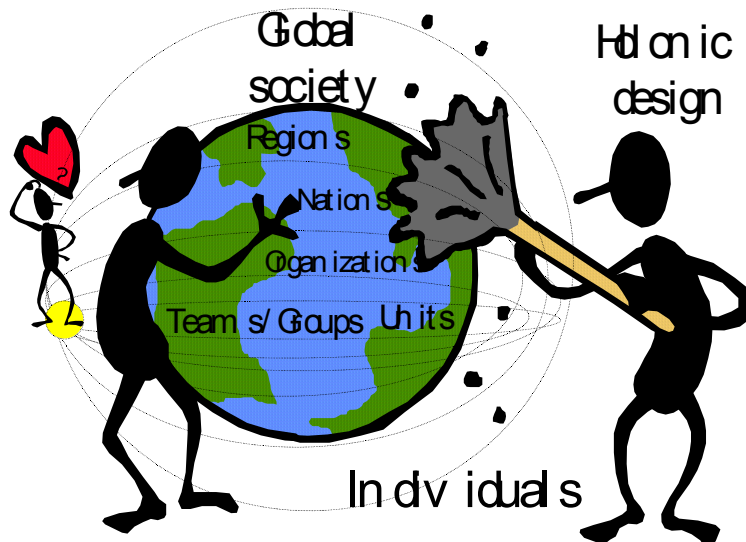


Figure 2. Global Society As An Open, Holonic System

Traditionally widely used theories related to evolution and also societal and economic development were based on survival of the fittest and focusing on win-lose relationships. This led to polarized, opposite positions and competition. However, the struggle for survival and success depends also on co-operation and collaboration. This

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leads to co-opetition - complex combination of co-operation and competition between stakeholders (Brandenburger, 1996). When situations and relationships are changing unexpectedly in turbulent environments, contradictions, uncertainty and ambiguity is a mutual challenge and the survival calls for collaboration instead of competition (Emery and Trist, 1974).

The turbulent changes in societies and in business are challenging us to rethink old management paradigms, and change needed in traditional relationships between various stakeholders in the society. The scarce resources can be used in multiple ways, for accelerating intensive competition, for establishment and enforcement of rigid standards and regulations or for co-creation and provision appreciative living, working and service environments for all stakeholders.

SERVICES FOR SOCIETY

Societies or business environment are challenged by the changes of globalization, privatization, deregulation, demographic changes and information and communication technology (ICT). Both societies and business organizations are emphasizing more the importance of interaction, collaboration and networking, learning and development with their stakeholders. It seems that the values in the business world and in government are somehow shifting to new direction. Business organizations are taking more responsibility about social development and environmental issues both locally and globally. They are actively building interactive alliances with governmental organizations and with non-governmental, civil society organizations.

Business organizations have recognized the need for to take more responsibility of social and human issues in the global society. The increasing speed in the development of information and communication technology and biotechnology is restructuring global markets and bringing moral and ethical questions and many challenges that have not encountered before (see. e.g. Rifkin, 1999, Jacobs, 2000). As nations merge into a more integrated economy, business organizations will be involved into negotiations take up with the issues of global regulations for cyberspace, antitrust, and bioengineered products. They will need to collaborate more with governments all over the world, and global organizations such as International Monetary Fund (IMF), World Bank and World Trade Organization (WTO). There is an increased need to think their broader responsibilities for the society. But it is also addressed that this is only possible for successful corporations. Only a profitable organization can afford to social and ecological responsibility and "good corporate citizenship". Critics are suspicious about the capabilities and also the willingness for business leaders to solve social and ecological problems. Wider co-operation is needed business, governmental organizations and civil service organizations CSO's (Garten, 2001).

The business leaders emphasize (Leadership Opus, 2001) meaning of ethical responsibility, importance of people and their learning and competence development, and

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good working and living environments. Since people finally (or again¹) are claimed to matter most, values and ethics are becoming part of everyday life of successful business. This creates not only challenges for leaders, but for every employee. The leaders and employees of the future will have to accept accountability that goes far beyond the traditional - responsibilities to multiple stakeholders: to other employees, to their families, to shareholders and boards, to customers and suppliers and local and global communities. They will be increasingly accountable to a world community, and will face demands, that are far different and meaningful than ever existed (Churchman 1971, Schwartz, 1999, Jacobs, 2000).

Social responsibility, appreciation of humanity and social values and ecological responsibility, appreciation of nature and ecological values can be searched by multiple different ways and for multiple different motivations. However, this continuous and never-ending quest towards societal, and ecological ideals creates common challenges for all stakeholders (Churchman 1971, Ackoff 1999, Flood 1999, Lessem, 1997).

Movement towards softer values in the business world, but harder values in the governmental organization

Governmental organizations are encountering problematic management issues related to intensive focus on cost reduction, deregulation and privatization. Competition and hard values are emphasized more than before. Financial and quantitative results, effective operations are expected, measured and quality is sought with standards. The management systems in governmental organizations are changing and examples are sought from the business world. Unfortunately these examples are often based on old industrial (mechanical) management models, that are based on command and control and tight regulation of activities. The concepts and words used describe environment, where values and regulations are rigid and tight, standards and borders are guarded tightly. Sadly this approach provides very barren ground for appreciation of creativity, innovation and diversity and appreciation of interaction with other stakeholders.

This contradictory management approach can be found for example in the development plans for education system in European Union. The main themes in Bologna declaration are increased competition in the global educational market and focus on accreditation, quality assurance and quality standards. The trend is to deregulate governmental activities, yet it seems that new type of regulations are sought through accreditation criteria and standards. This time these regulations are justified by quality assurance, better cost allocation, efficient performance and ability to compete in the global education market.

¹ The importance human capital has been discussed for decades. E.g. in 1960 Douglas McGregor introduced his X & Y theories, participation, collaboration and team work and ethical concerns about the world. *"The capacities of the average human being for creativity, for growth, for collaboration, for productivity are far greater than we have yet recognized. If we don't destroy life on this planet before we discover how to make it possible for man to utilize his abilities to create a world in which he can live in peace, it is possible that the next half century will bring most dramatic social changes in human history."* (McGregor, 1960, pp. 245.)

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At the same time corporate world is moving to different direction. The trend seems to be towards softer societal values and ethics, which respect human life, continuous learning and environment. And other trend is co-operation between companies in the extended enterprise networks. Both of these approaches emphasize co-operative and collaborative relationships. Instead of focusing mainly in the competition win-win situations with stakeholders are sought after and mutual aid is respected. In the past, multinational corporations were not concerned of societal values. Nowadays, corporations are developing portfolios of voluntary activities, including codes of conduct, environmental and social certifications and auditing systems, and compliance with various national and international standards. For example some of the corporations are voluntarily following tighter environmental standards and regulations than they are expected to do. Donations of intellectual, human, financial and organizational resources are one part of philanthropic activities. They also work in partnership with their critics, civil society organizations, as well as agencies of international organizations. They invest on good and healthy working and learning environments within their own facilities and help local communities to build better living environments.

The rationale for these activities may be based on various reasons. Their motivation is based on their own interests, whether that be good reputation among stakeholders, differentiating their products and services in the markets or more efficient and at the same time more sustainable production and delivery process. Some activities might occur because corporations believe that it is their duty as applying good corporate citizenship. The chosen activities might be also part of reputation management strategy, image and brand building or protection. A clean, green and human image might attract customers, employees, shareholders and business partners. On the other hand this image might be used to avoid negative publicity and the risk of consumer boycotts. Proactive approach might be chosen because of legal aspect. More attention to ethical issues might lower expensive costs spent on legal disputes.

But somehow all this seems very idealistic and even unrealistic. Is it really possible, that corporations could be honestly committed for long term creation of better societies, educational systems and environmental policies? Could the global corporations be heading towards global societal, human and ecological ideals and create activities sufficiently flexible to work comfortably in all continents and social contexts? Could global corporations even have better possibility to think beyond national rigid structures and systems and be more concerned with global issues than national or regional governments? Or are corporations and their shareholders just focusing on short term financial profits and using currently fashionable "ethical awakening" to gain short term competitive advantage?

The business of the business is still to do profitable business. However, appreciation of global and local environment and stakeholders, collaboration, co-operation and mutual support are key issues to the societal and economic development. The challenge is to create appreciative environments, that integrate social, psychological, physical and virtual

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(ICT) environments to facilitate negotiation, sharing of knowledge and mutual learning of all stakeholders.

APPRECIATION AND COLLABORATION

Systems sciences provide some possible ideas for creating appreciative environments for collaborative relationships between various stakeholders: business, governmental and civil society organizations. Firstly Vicker's appreciative systems is introduced as a model for creating appreciative relationships. Secondly ideas related to collaborative relationships and mutual aid in turbulent environments by Kropotkin, Emery and Trist are presented. Thirdly Axelrod's suggestions for successful co-operation are introduced. Finally a model for portfolio of relationship management, that provides a conceptual tool for describing stakeholder relationship, is introduced.

Appreciative system a model for appreciative relationships

Sir Geoffrey Vickers (1965, 1968, 1972, 1984) constructed "an epistemology which will account for what we manifestly do when we sit round board tables or in committee rooms and equally though less explicitly when we try, personally for example, to decide whether to accept the offer of a new job" (Checkland, 1986). Vickers' core idea is that of 'appreciation' and the 'appreciative process' which constitutes an appreciative system. This appreciative system may be that of an individual, an organization, a society or some less formal human group loosely organized as a community. Vickers regards the appreciative process as universal in that sense. Checkland and Casar (1986) described a model of an appreciative system compatible based on Vickers' writings.

The appreciative system can be described in three points: (i) it should correspond with reality sufficiently to guide action; (ii) it should be sufficiently shared with various stakeholders to mediate communication, and (iii) it should be sufficiently acceptable to ourselves to make life bearable. According to Checkland (1983) the social reality is the ever-changing outcome of the social process in which human beings, continually negotiate and renegotiate with others their perceptions and interpretations of the world outside themselves. This could be achieved by Vickers' appreciative system (Vickers 1970, Checkland et al 1986) in which circular relations combine judgements of facts and values of past experiences and future dreams, and where appreciative systems facilitate continuous learning.

Checkland and Casar (1986) highlight the following major recurring themes in Vickers' thinking:

- a rich concept of day-to-day experienced life as a flux of interacting events and ideas;
- a separation of judgements about what is the case, 'reality judgements', and judgements about what is humanly good or bad, 'value judgements';

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- an insistence on 'relationship maintaining' as a richer concept of human action than the popular but poverty-stricken notion of goal seeking;
- a concept of action judgements stemming from reality and value judgements;
- a notion that the cycle of judgements and actions are organized as a system.

Vickers also emphasized relationships and interaction, importance of intensive communication and open dialogue, dynamic and circular development and change of relationships and continuous learning. Multi-valued choices instead of single-valued choices are central, inescapable, irreducible fact of life. Also these values are often conflicting and contradictory (Vickers 1970, p.193). When situations are defined and redefined these choices should be designed by operators and actors rather than by regulators. The capability for development and learning is based not only on readiness to redefine situations, but also redefining continually the criteria for success and failure by which these multi-valued choices are made (Vickers, 1970, p.116-117).

An appreciative system consists of three interrelated subsystems:

- a reality system based on reality judgements,
- a value system based value judgements and
- an action system a decision for activity and activity itself.

The reality system and the value system are always inseparable form each other. The relevant facts for reality systems are selected based on value judgements. The reality system is based on "facts" of what is perceived. These "facts" might be actual, and "true" but also hypothetical, assumed. They might be tacit or explicit, experiences from the past, assumptions of the present and hopes and fears of the future. These "facts" might be gathered from internal and external relations and they are context and situation sensitive. The value system is based on "values" not only ethical (good and bad like Checkland and Casar (1996) proposed) but also other value dimension that might be significant, relevant or interesting to a person, or to an organization or to society. The chosen values might be financial, ethical, moral, utilitarian etc. based on the interests of shareholders. The value judgement gives meaning for "facts", and is basis for innovation, sharing and learning. These "values" create criteria for success or failure and they are always inseparable of reality judgements. It is very important to pay also attention how these "values" are generated, coordinated and changed. The action system is separable of reality and value systems. However, sometimes all subsystems are overlapping each other. Action systems consists of the decision for activity and the activity it self. All these systems are developing in cyclic and dynamic way through life in close interaction.

Vickers (1970, pp. 192-193) described three dimensions of learning related to appreciative systems. The first is learning in receiving information, this is learning in the reality system. The second is learning in comparison the received information with the norm, this is learning in the value system. The third is learning related to responses of value comparisons, this is learning related to action system, whether to make or withhold the response. Vickers claims that the second area, learning, unlearning and relearning in the flied of values, is often neglected. However, capacity for developing their value systems distinguishes men from other creatures far more sharply than their enhanced

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capacity for cognition and action and poses far more important problems of learning and of development (Vickers 1970, p.193). Also Jantch (1975, pp.129) emphasizes importance of appreciation. Consciousness evolves in the interaction with reality and the appreciated world. According to Jantch (1975, pp. 128-185) the learning process can take two ways: "an outer way " and "an inner way". The outer way challenges the system to encounter and appreciate its environment, the surrounding physical and social world and reflecting on it. In the inner way the system experiences predominantly nonreflective knowledge, or direct insight.

Vickers' appreciative system creates a conceptual model for a social environment for collaboration and interactive relationship management both in societal and individual levels. It provides a model for working and learning together. This appreciative systems provides environment for mutual appreciation, where stakeholders can (re)negotiate facts and value, and needed actions in the flux of life.

Collaboration and mutual aid in turbulent environments

The importance of collaborative relationships as a basis of survival in turbulent environments was introduced already in the beginning of 1900th century. Peter Kropotkin (1902 pp. 271-292) emphasized that cooperation leads mankind to a higher harmonic stage of economic relations. He claimed that mutual aid, mutual protection, struggle against natural conditions, not against each other is crucial for survival in difficult environments (Kropotkin, 1902, pp. 293 - 300). In the animal species the mutual aid and protection which is obtained, the possibility of attaining old age and of accumulating experience, the higher intellectual development, and the further growth of societal habits, secure the maintenance of species, its extension and its further progressive evolution. The unsociable species on the contrary are doomed to decay. According to Kropotkin (1902) the practice of mutual aid and its successive developments instead of individualism and competition have created the very conditions of social life in which man was enabled to develop his arts, knowledge, and intelligence. The periods when institutions based on the mutual aid tendency took their greatest development in arts, industry, and science, this happened in medieval cities and ancient Greek cities. Ethical conceptions and mutual support are key issues to the social development.

Emery and Trist (1965) introduced the idea of turbulent environments. They argued the need for the concept of "the causal texture of the environment" noting that the environmental contexts in which organizations exist are themselves changing under the impact of technological change - at an ever-increasing rate, and toward increasing complexity. They used open-systems theory to explain how an organization interacts with elements in turbulent environment, "In these (turbulent environments), dynamic processes, which create significant variances for the component organizations, arise from the field itself. The 'ground' is in motion," (Emery and Trist, 1965, p. 26). In an environment with this much uncertainty, Emery and Trist believed that certain social values e.g. co-operation will emerge as coping mechanisms. To succeed in this environment an organization should form organizational alliances or "relationships

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between dissimilar organizations whose fates are, basically, positively correlated," (Emery and Trist, 1965, p. 29).

The current turbulent changes in societies, business world and lives of individuals are claimed to be far beyond the challenges what a human race has ever encountered before. Increasing pace of globalization and technological development and unintended, unpredictable and possibly harmful ecological and social consequences of this development challenges all stakeholders to work together. Co-operation is needed for the quest towards the ideals. Co-operation is also desperately needed for solving those problems that already exists or that are now emerging.

Axelrod's theory of co-operation

"Don't be envious, don't be the first to defect, reciprocate both co-operation and defection and don't try be too clever." (Axelrod 1984)

Axelrod (1984) described how co-operation could emerge among egoists without central authority. His theory of co-operation explains the success and failure of co-operation in a variety of different settings, in business, in Congress, in warfare and even in biological systems. The evolutionary perspective suggests three distinct questions:

- How can co-operative interaction gets an initial foothold in an environment that is predominantly nonco-operative?
- What type of behavior can thrive in a variegated environment composed of other individuals using a wide diversity of more or less sophisticated actions?
- Under what conditions can a co-operative interaction, once fully established among a group of people, resist invasion by a less cooperative behavior?

According to Axelrod (1994) the best interactive behavior enhancing collaboration is tit-for-tat, where quick responses send a clear signal to other stakeholders. The chosen policy is co-operating on the first move and then doing whatever the other stakeholder did on the previous move. Being cooperative can be more rewarding by increasing opportunities to find solutions for mutual dilemmas and to gain ultimate advantage when dealing with a partner, whether in personal life, business, and international relations.

Axelrod (1984, pp. 55-69, pp. 124-141, pp. 170-191) provides following suggestions to enhance co-operative activities:

- *Relationships and time.* The role of time dimensions is critical to co-operative relationships. The future is important for the establishment of the conditions for co-operation, the past is important for the monitoring the actual behavior. Enlarging the shadow of the future is important for co-operation. Possible meeting in the future would enhance interest for co-operation. Importance of future relations between the same individuals increases motivation to co-operate. Meeting again so that people have a stake in their future interaction. Mutual co-operation can be valued if the

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future is sufficiently important relative to the present. Co-operation can be enhanced by making interactions more durable, and by making them more frequent and changing the focus of payoffs from short term payoffs to long term payoffs. Rapid turnover might be lessening long term co-operation and provide little change for reflection and higher level learning. It is essential that stakeholders are able to observe and respond to each other's prior choices.

- *Relationships and learning & unlearning.* Consequences of behavior are essential for learning. Instead of simple trial and error, deeper levels of understanding are needed to challenge old behavior models. In short term relationships people focus on short term plans and rewards. There is no detection of long term consequences for actions. It is important to give quick response to provocation and also (un)desired behavior. It is important to give quickest possible feedback that defection does not pay. The speed of response depends upon the time required to detect a given choice by the other stakeholder. The shorter the time the more stable the co-operation can be.
- *Relationships with stakeholders.* For mutual co-operation it is important to recognize all other relevant stakeholders and include them into co-operative activity. However, it is as important to keep away irrelevant participants, who have no true interest in finding possible solutions to problems or dilemmas.
- *Relationships and skills for co-operation.* For successful co-operation it is important to teach the stakeholders to care about each other and their welfare, to value considerate behavior instead of selfish and to value the happiness and success of others. As important it is to teach them the value of reciprocity, to improve recognition abilities about prior actions that actually have been taken place. Unconditional co-operation tends to spoil other stakeholders, unconditional co-operation will hurt all stakeholders. Reciprocity is build on a mutually rewarding relationship and on mutual appreciation.

Co-operation also faces some difficulties and impediments. Axelrod describes some risks for co-operation (pp. 145 -168):

- *Relationships and wrong signals.* The defection might go undetected or a cooperation might be misinterpreted as a defection. There is also a danger of exploitation and betrayal. However, when actual deeds speak for themselves dishonest behavior will be detected.
- *Relationships and un-co-operative attitudes.* The egoist attitude of "spoilt brats" that expect others to be considerate and generous, but who not think needs of anyone else but themselves. The other set of problematic attitudes is based on social labels, stereotypes and hierarchies and prejudiced problems with status, rank, education, race, gender and age. This might lead to willingness to interact and co-operate with other stakeholders based on their social status, reputation or deterrence. Both of these attitudes impede so-operation.
- *Relationships and desire to command and control.* The traditional approach to government and governed, also strict enforcement policy impedes co-operation. Co-operation does not require formal agreements nor long lasting face-to-face negotiations, nor central authority: co-operation is based on reciprocity can be self-policing.

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Without foresight, evolutionary process of co-operative relationships can take a very long time. Fortunately, humans do have foresight and can use it to speed up what would otherwise be a blind process of evolution. One individual cannot by him/herself make a difference, but even small groups can. If benefits of co-operation and facts related to co-operation theory are known by stakeholders, the evolution of co-operation can be speeded up (Axelrod, pp. 124-141).

One directional activity might be based on arrogance of a participant to provide solutions for uninformed or ignorant participant. This traditional, dominant command and control approach emphasizes obedience and hierarchical structures. One directional activities might also be based on deep trust and blind (?) loyalty from a subservient participant towards the experience and expertise of other partner. The co-operative and interactive design of activities among stakeholders provides possibilities for more appreciative solutions. But it requires also mutual appreciation and willingness to co-operate. The approach is based on interactive behavior models e.g. ability to sense and respond (Haeckel, 1999) and joint activities for mutual value co-creation (Ramirez, 1999) between all stakeholders. This calls for behavior models, which enhance collaboration and interaction, where solutions are created together with co-operative, interactive methods.

How intensive can a collaborative relationship be?

Managing relationships with stakeholders can be conducted in different levels depending on how intensive interaction between stakeholders is. Marianne Kosits (2001) describes relationships with a portfolio of relationships, that has four following categories:

- *Transactional relationships*: Relationships for transactional exchange - exchanging products and services.
- *Added value relationships*: Relationship for joint projects - temporal co-operation in mutual projects.
- *Specialized relationships*: Relationships for joint processes - co-operation with integrated processes.
- *Unique relationships*: Relationships for better future - collaboration in design for the future.

Originally these categories were developed for customer relationship management, but they provide thoughts for relationship management with other stakeholder than customers as well. A transactional relationship is based on the exchange of a commodity product or service for money and possibly very short term relationships. Added value relationships are also based on goods and services exchanged for money, but in addition to the simple transaction added value requires expertise on the part of the supplier, and also some interaction. In specialized relationships, there is more intensive interaction and very high degree of customer/stakeholder knowledge and intimacy. Processes might be integrated. Unique relationships are customized and there is a focus of mutual intensive, long-term collaboration, shared risk and responsibility, and shared reward context in the future.

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The more meaningful and intense the relationship with other stakeholders is, the more important and risky the expected results are. Methods of management and basic assumptions of success and failure change. More ambiguity, more uncertainty and more tacit knowledge will be encountered. The measurement of success is more difficult and more trust and mutual appreciation will be needed.

EXAMPLES

Globalization of business pushes corporations towards a broader interpretation of their obligations to society. Shared awareness of wider public can be mobilized with overnight notice either by media or civil society organization. The global financial web is able to react and withdraw funding and investments with shorter notice. The increased speed and interconnections offer possibilities for beneficial and but also for dangerous new linkages. Speed blindness can hinder ability to perceive and unintended consequences will emerge. This demands quicker response than governments are able to offer in the form of legislation or regulation. The emergence of new global institutions creates a transitional period during which old institutions are appearing ineffective and new institutions represent unknown forces. Existence of old institution is threatened. The ability to act and respond quickly creates power, and this power is shifting from nationstates to new institutions globally and locally. Cultures collide and new values are sought. (Schwartz, 1999).

The privatization and deregulation of public sector has led to major changes in business environment. Privatization of traditionally governed areas such as telecommunication , energy production and distribution and education, is transforming societies. Globalization and privatization have imposed turbulent changes on both public and private sectors. The public sector, private sector and the 3rd sector organizations are facing challenges for both more intensive co-operation and more intensive and open competition in the turbulent environment. There are more knowledgeable and more questioning individuals: customers, employees, investors, CEO's, civil society citizens etc. They all also have better access to information and better possibilities to interconnect with each other. Good corporate reputation and integrity in implementation can attract and retain the best shareholders. This provides opportunities for more meaningful and successful co-operation and development appreciative environments for society, business and individuals.

Corporations and concern for environment in the U.S.

The environmental movement offers an example of movement towards more appreciative co-operation in a turbulent environment. The pace has been slow, as one CEO describes the process:

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"Thirty years ago we objected; twenty years ago we started to accept it; ten years ago we started to move".(Schwartz, 1999).

U.S. business seems to be warming to labor and environmental concerns. For the first time, many major U.S. corporations and business groups are willing to accept some of environmental protection and worker-rights clauses in trade pacts; in late February, the Roundtable endorsed the idea in principle (Magnusson, 2001). Conservative politicians are against attaching protective conditions to trade pacts, they are worried about unintended consequences that might effect business competitiveness. They insist that business groups are surrendering too much and too soon. The same issue was encountered again, when President Bush discarded Kyoto Protocol March 2001. According to Bush the decision would slow U.S. economy and lead to energy crisis. Some world's largest companies disagree. Business people believe that environmental programs will pay off in long run in enhanced shareholder value.

In April 2001 U.S. Business Roundtable published a report "Unleashing Innovation: The Right Approach to Global Climate Change". The Business Roundtable (BRT)² has also developed Blueprint 2001 – a set of recommendations directed at senior policymakers who are developing the environmental policy agenda for the next Administration and Congress. The Blueprint presents BRT's perspective on the values and policy innovations that should shape the next generation of environmental management. BRT's members speak for a broad cross-section of the business community, ranging from high-tech communications and energy generation and distribution to manufacture of steel, automobiles, chemicals and paper products. Companies have also formed coalitions to actively participate in environmental issues. Thirty-two major companies, with most included in the Fortune 500, are working together through the Pew Center on Global Climate Change to educate the public and key policy makers on the risks, challenges and solutions to climate change.³

Business people are not only criticizing politicians. They are actively working with ecological and societal issues. They are challenging each other by promising to exceed environmental regulations and setting their internal goals tighter than current regulations are. So far these are merely promises. But companies are well aware that, these promises will be followed closely by environmental groups. Companies also predict that sooner or later there will be tighter regulations and early birds can gain competitive advantage against their competitors (Raeburn, 2001).

At the same time, when politicians are hesitating, some global CSOs are addressing their concerns directly to individual citizens, mobilizing their members and consumers all over the world. These groups are building global campaigns for boycotting U.S. products and sending appeal letters to President Bush. They claim that if the U.S. Administration does

² <http://www.brtable.org/>

³ The Pew Center on Global Climate Change is a non-profit, non-partisan and independent organization dedicated to providing credible information, straight answers and innovative solutions in the effort to address global climate change. <http://www.pewclimate.org/>

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not follow the Kyoto Protocol the possible climate change will affect the global health issues and that consequences will also harm the U.S. economy in the long run.

Towards social responsibility - some examples from Finland

Finnish companies are beginning to focus more on their corporate citizenship activities both locally and globally. Although traditionally connections between public sector, private sector and also with the 3rd sector have been relatively close, globalization of business provides new challenges. For example paper companies have experienced demonstrations arranged by Greenpeace and discussed intensively with civil society organizations about possible mergers in Indonesia. Among Finnish TOP 10 companies four are included into sustainable development index of Dow Jones, and some are using the same criteria for development of their activities. The Confederation of Finnish Industry and Employers - TT - published a report about social responsibility and good corporate citizenship in January, 2001. It introduces the topic, provides examples and basic tools for self-evaluation (Malin, 2001). Companies are re-evaluating the importance of their societal and ecological actions more holistic way and they are actively collaborating with Finnish labor associations and several civil society organizations. The first Ethical Forum will be arranged in the summer 2001, and it will provide a new opportunity for discussions and dialogue for all stakeholders: corporations, government and civil society organizations.

Finnish corporations together with universities, research centers and government are committed building better future together. There are many private-public partnership programs that aim at the development of Finnish Information Society and Civil Society. Collaboration both in public and private sector is highly valued. Co-operation in research and development, but also in learning and education plays an important role. One example is the iWELL technology program, which focuses on the development of competitive wellbeing technology for world markets. The focus in iWELL is on the research and development targeting solutions that promote healthy and balanced living (TEKES, 2000).

Corporations and development of new education system

Corporations are entering more actively than ever also into world of education in many various ways and from many various reasons. Corporations want to actively participate and to donate financial, human & technological resources, in order to enhance reinvention and transformation of education system. Many companies e.g. IBM, Cisco, AOL, Apple, Dell and Motorola are participating very actively in education system development both globally and locally. Of course this is not only for the good cause, but for building business opportunities as well. IBM describes its commitment into education in the following way:

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Leading IBM's commitment to corporate citizenship is our work to raise the quality of public education. While IBM has undergone a number of phenomenal changes over the years, we maintain a deep and abiding sense of responsibility to support the communities in which we live and work, as well as a longstanding tradition of contributing to their overall well-being. We can think of no better way of fulfilling our responsibility and honoring this tradition than by investing in our schools.⁴

Corporations are also actively transforming education industry market by building their own corporate universities and establishing partnerships with other stakeholders including universities and for-profit education service companies. In the past 13 years, while more than 100 colleges were closed in the U.S., the number of corporate universities has increased from 400 to more than 2 000. These corporate universities are increasingly serving larger audiences than their employees. They are offering education possibilities for customers and suppliers, for families and people in the surrounding local communities, and some of them through educational technology for the public, for anybody who is interested (Meister, 2001). Corporations also use education as a market entry strategy, for example Motorola University trades education and training for market access in China. In the early 1990's the Motorola corporation reached an agreement with the Chinese government to provide education initiatives in exchange for business privileges.⁵

In some respect the attitudes towards education and training seems to be similar to attitudes toward environmental issues some decades ago. On the other hand learning and education is valued, yet human relation management a units have not necessarily been valued. These activities have been functioning relatively separate from operational units (e.g. from R&D). Recently appreciation of competence development and learning has increased. Both attitudes and organizational structures are changing. Again corporate world seems to be in the lead. Traditionally in governments and universities science and research are organizationally separated from education, they are managed in different units and ministries. Unfortunately these traditional organizational borders and gaps seem to be very high to cross.

Pedagogical paradigms are shifting towards social models of collaborative learning in real life situations, not separated into isolated sessions in university lecture halls. Instead of one directional training, interactive action learning and life long learning are emphasized. New technologies provide new possibilities for this, possibilities that we are not even aware of. Neither education nor science and technology exist for their own right. All of them are merely tools for something else, for brighter future and mutual learning. The aim is to add value to human life, wellbeing and to our world.

The global education system is in the threshold of new era. There are multiple new private service providers, big corporations and small high-tech companies, for-profit global virtual universities, spin-off units from traditional universities etc. Again systems

⁴ <http://www.ibm.com/ibm/publicaffairs/gp/education.html>

⁵ <http://www.geteducated.com/vugaz.htm>

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created from nationstate perspective are endangered and challenged to transform themselves. Some will focus on traditional methods for increasing competitive advantages, creating rigid standards and regulations for higher barriers to entry. Some will try to close themselves into isolated sanctuaries from the turbulent changes of the surrounding world. Some will open their borders into active collaboration with stakeholder and search together for new solutions. The challenge is to appreciate and value mutual learning and provide environments that integrating learning, working and service environments and appreciative interaction with other stakeholders.

CONCLUSIONS

The appreciative relationships are needed between various stakeholders: between employers and employees, between corporations and society, between citizens and society, between large global corporations and small enterprises, between private and public sector, between non-profit CSOs (Civil Society Organizations) and for-profit organizations. The quest towards human, social and ecological ideals is common for all of them. Finding the mutual appreciation and respect instead of blame and distrust is provides possibilities for the co-operation and that will be the only way to encounter and solve unexpected and undesired consequences that will evidently arise for the turbulent, uncontrollable environment.

The contradictory attitudes between public and private organization impede collaboration. It is often claimed that constantly evolving changes need to be valued through participation, dialogue and negotiation. Yet corporations are accused to avoid "hard" regulation, and favor "soft" approaches though voluntary initiatives and partnerships in order to avoid their social and ecological responsibilities. And it is claimed that harder regulations would be needed because left by themselves, corporations would be likely to fill their responsibilities to minimalist and fragmented way. The challenge for the governments and politicians is not to create more rigid regulations and standards and tighter control, because these slow and rigid mechanisms will not be able to follow the speed of the development. They also waste scarce and valuable resources for unnecessary purposes. The challenge is to create forums for mutual negotiations and to provide transparent and nurturing environment for business to operate in ethical and appreciative manner.

There is a severe risk that social responsibility and good corporate citizenship are applied only in the superficial level for merely marketing purposes. This approach would create only a cover, that might be a beautiful but meaningless façade, like ISO 9000 standards and quality awards are sometimes accused to be. "Good corporate citizenship" might only turn into a new superficial management fad that would create a new area for management industry, for specialized consultants and auditors, for business press and publishers, for academia and researchers etc. And then after some time this fad would just turn into a costly false step and loose it's "marketing" value. Without a true intention to accomplish meaningful results, sense of responsibility, and appreciative relationships with stakeholders, this superficial façade might be very harmful for further development and

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deeper questioning. It could create beautiful and meaningless illusions, that would just hide the reality.

With appreciative environments and collaborative relationships for negotiation we could be heading towards social responsibility and good global citizen ship. The intention should be co-creation of better services, for multiple stakeholders: services for individuals: customers and suppliers internally or externally, also for own employees; services for public organizations, private organizations and civil service organizations and services for societies and the world.

And instead of conclusions there are just seems to be more and more questions that could be discussed in appreciative interaction with stakeholders:

- When corporations assume roles of nations and they are forming "virtual countries" and networks and extended enterprises entering areas social infrastructure development, e.g. educational systems and environmental policies...
 - Will corporate people be to more or less ethical than national politicians?
 - Localization of activities- "masscustomization" what is different and what is same? How appreciate local societal, cultural, ecological and individual dimensions?
- When it is difficult to tell where one organization changes into an other, in complicated collaboration structures...
 - Which of the partners takes the responsibility or how is it shared?
- When the activity it applied in the reality on the other side of the globe
 - Who encounters and follows consequences?
- When relationships are based on short term connections and when nomadic individuals (employees, customers, civil society members...) flow, move and shift from one position and location to an other and from one organization to an other,
 - How could these individuals be aware of long term consequences of their previous actions?
 - How does the accelerated speed and mobility facilitate and enable learning and understanding?
 - When should we stop to think?

Do individuals and corporations sincerely care about appreciation of human life and nature?

- Individual employees, customers, business partners, shareholders, civil society members and citizens?
- Can they afford it, in developing countries and emerging economies employees or corporations might not have options of being ethical to be able to survive?
- How much are people willing to pay more, or earn less?
 - Are people looking for short term benefits without thinking possible long term consequences?
 - Even if people care, can lack of perception and understanding lead into harmful situations?

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Is a major crisis needed before awakening, revolution, questioning, and learning? What would be needed? Revolution of cultures, revolution of environments and systems, organizational structures, education systems, information systems, reward systems, financial systems etc. Some kind of revolution of cultures and values is happening in the business world (see e.g. Nordström, 1999). There are some clear and some weak signals that human and social side of enterprise and social, cultural and ecological environment are valued more. Or are these signals just illusions?

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