

Chapter 1

Introduction: Emerging Hypothesis

*We must be completely conscious that we have to accomplish
a great cultural deed in every sense of the word.*

– Rudolf Steiner

As modern human beings we have an opportunity—maybe even a responsibility—to find sustainable ways to exist in and be in relationship with our environment. This is just as true in the social realm as it is in relationship to our physical environment, and we need to invent, discover and utilize socially responsible forms. In fact, creating new effective forms of leadership and management that honor the relationships of the human beings and that also respect the living nature of an organization could possibly provide a model for social health in all organizations and in society in general.

As citizens of the 21st century it makes sense that we do what all scientists, including social scientists, are doing—engage in understanding the science of the time in which we live. We must shift our thinking and our understanding of how things work so that they are in alignment with how science, including social science, has evolved. Typically the way organizations have been and for the most part still are designed, managed and operated is founded on Newtonian physics, which is based on a materialistic natural scientific worldview that focuses on what can be seen, heard, touched, and/or measured by our five physical senses. The prevailing assumptions that have influenced organizational management over time are described by Margaret Wheatley (2006) in *Leadership and the New Science*:

We manage by separating things into parts, we believe that influence occurs as a direct result of force exerted from one person to another, we engage in complex planning for a world that we keep expecting to be predictable, and we search continually for better methods of objectively measuring and perceiving the world. (p.7)

While the governance forms and structures of mainstream organizations for the most part still reflect the underlying assumptions of Newtonian physics and those accompanying images of how the world works, there is a growing awareness of a need to shift these assumptions. A new imagery that has developed out of quantum physics challenges the assumptions of a Newtonian worldview by focusing on the whole rather than on the parts and by recognizing the existence of systems that are interconnected networks possessing

dynamic processes, relationships and unseen connections between that which Newtonian mechanics identifies as separate measurable entities. (Wheatley 2006) Out of this new science and an understanding of organizations as holistic systems or collections of interconnected, interdependent and interrelated networks and components, the mainstream corporate world is beginning to shift its approach to management, in particular by instituting collaborative methods that empower workers to participate in the operating and decision-making aspects of a business. There is growing awareness that a company will better develop and realize its potential if power and influence are not concentrated exclusively in leadership at the top of a pyramidal-structured hierarchy. The cultivation of knowledge and institutional learning horizontally across and through the organization will give access to the wisdom that exists in the organization as a whole, leading to greater effectiveness. This means that the company, as an entity, can effectively act and react in response to changes in its environment and in the world. The effect of this conscious awareness of the living nature of organizations is currently best demonstrated in a corporate environment where the principles and practices of a learning organization are utilized. The concept of learning organizations was coined and researched by Peter Senge (1994) and documented in detail in his book, *The Fifth Discipline: The Art & Practice of the Learning Organization*. Senge defines learning organizations as “organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to learn together.” (p.3) Senge highlights five fundamental disciplines that a learning organization, and the people who function within it, practice as the organization is constantly transforming and developing capacities in realizing its highest potential.¹

The name ‘learning organization’ implies that there is a consciousness of working within and treating the organization as a living entity because only living things can learn. (de Geus 1997) Piaget defined the human being’s capability to learn as “to change one’s internal structure to remain in harmony with a changed environment.” (de Geus 1997, p.20) An organization’s capability to learn is also defined by the collective ability of the organization to adapt, grow and thrive in the face of change: “A successful company is one that can learn effectively.” (de Geus 1997, p.20) In an article called “Reshaping the Way We View the World,” Chalofsky says that shifting to a new paradigm is part of moving from the industrial era, where the machine was the focus, to a knowledge era where the focus is on the human mind. He says that learning is central to this new paradigm of thinking about organizations, and that it is “purposeful, occurs at the individual, group and organizational levels, and is for the mutual benefit of the individual and the organization.” (p.54)

This new consciousness about the living nature of an organization and its ability to learn, grow, develop and change is allowing for the development of alternative and more effective approaches to a traditional authoritarian hierarchical management form.

However, despite this new consciousness and changes that result from applying the principles of fostering an organization as a learning organization, most mainstream corporations and businesses are still structured based on the assumptions underlying an owner/operator or stakeholder top-down leadership and governance model. It is possible that this ownership paradigm in businesses and corporations is actually blocking the development of new governance forms that would better support the principles of a learning organization. Christopher Schaefer, organizational consultant and co-author of *Vision in Action: Working with Soul and Spirit in Small Organizations* provides a provocative perspective. He points out that at one time in the history of humanity, it was considered moral, even necessary for one human being to own or be owned by another human being and that, of course, we now look back on this and are appalled that we ever thought this was acceptable. Schaefer suggests that in the future we will look back on the relationship that we currently have with organizations and we will be appalled that we thought we could own an organization.²

Arie de Geus (1997) had two main hypotheses on which he based his book, *The Living Company*: “The company is a living being, and the decisions for action made by this living being result from a learning process.” (p.201) De Geus asserts throughout that learning is a capacity exclusive to living beings. Peter Senge was clearly inspired by the work of de Geus, and in the foreword to *The Living Company* supports de Geus’ perspective by suggesting that “seeing a company as a living being implies that it creates its own processes, just as the human body manufactures its own cells, which in turn compose its own organs and bodily systems”; and that it “means that it [the company] is capable of regenerating itself, of continuity as an identifiable entity beyond its present members,” and “that it can learn as an entity.” (de Geus 1997, pp.ix–x)

This profound insight into our relationship to organizations and the possibility that organizations are living entities with unseen—considered by some as spiritual—forces connected to them, might be difficult to grasp with logical thought at this point in time, especially in relationship to owner-operated businesses where securing profit for the owner(s) is implicitly understood to be the purpose. Perhaps this is highlighting a flaw in our understanding of how our society should be structured. The accepted purpose of the economic sphere of activity in society to make money for the owner becomes redundant if materialism or profit is removed as its driving force. What then would be its purpose? Exploring the question of the relationship of materialism to the world economy and finance is beyond the scope of what can be explored here. However, it is actively taken up by others, including Christopher Houghton Budd (2003) of the Center of Associative Economics and author of *The Metamorphosis of Capitalism*, and Siegfried Finser, founder of RSF Social Finance, a foundation dedicated to bringing about positive change in the way the world works with money by providing investment and lending services to businesses and enterprises that are dedicated to improving society and the environment. Finser (2007) is the author of *Money Can Heal*, in which he writes about his life

work with money and his experience of the spiritual forces that he believes exist in and behind different kinds of transactions. He highlights the positive effect that working consciously with money and these spiritual impulses can have on social life.

If the ownership paradigm in businesses and corporations is indeed blocking the development of new governance and leadership forms that would ultimately bring about the kinds of positive change to social life to which Budd and Finser have dedicated their life's work, then perhaps a profound change will not come from the corporate world. Rather, it might be in non-profit organizations, where there is no expectation to generate profit for the direct benefit of an owner, that new leadership and governance forms have a better chance to manifest. Is it possible that a template for creating change in how the economic and political spheres of society are managed can be created in the cultural realm where non-profits exist?

The Waldorf School movement, a revolutionary education movement in the cultural sphere of society, has the potential to set new profound standards of operating that could be a model for a unique living systems approach to governance, and ultimately could have a transformative effect on all social life. The revolutionary quality inherent in the philosophical underpinnings of Waldorf education contains insights into how to create the governing organizational forms that will serve the manifestation of a truly living learning organization. Rudolf Steiner (1996), founder of the Waldorf School movement, said this in his address to teachers at the opening of the first Waldorf school in 1919: "We must be completely conscious that we have to accomplish a great cultural deed in every sense of the word." (p.31)

What are the new governance forms and structures that will make it possible to operate an organization as a living learning entity, such that it can be an example for other communities, organizations and ultimately for society as a whole? This is a question that has not yet been fully explored in the Waldorf movement despite having been suggested in the early nineteenth century by the founder of Waldorf education, Rudolf Steiner. Steiner's philosophical body of work called anthroposophy, translated as the wisdom of man, provides indications for new social forms for a threefold ordering at the macro level of society. While Steiner provided a vision for how society could be ordered in a threefold way, these new forms are easiest to understand by studying the principles that are at work both in society and in the human being, but particularly and specifically how they manifest in the three living human systems.³

Guido Preparata, Associate Professor of Political Economy at the University of Washington, in a 2006 article wrote that there is a radical more humane alternative approach to the current day materialistic approach to economics. Preparata drew a parallel between the threefold human organism and the threefold nature of the social organism. He believes that approaching the design of a social structure from this understanding of the functions and relationships of the three systems of the human organism is valid and necessary when designing a more humane economy for the betterment of society as a whole:

By way of analogy: just as the human organism comprises three tightly interrelated but functionally independent “systems” (the metabolic system of digestion, the “head” system of brain and nerves, and the circulatory system of blood and lungs), society, likewise, may be construed as a composite body consisting of three conjoined spheres of activity (a triarticulation of economics, politics, and spiritual dissipation). (p.627)

Economics is society’s stomach, in that it procures the necessary sustenance for the perpetuation of the great social hive; laws and rights manage the dynamics of interrelationship; and the spiritual sphere sustains the power of the ego: the innovative “I.”... The source of social evil, Steiner believed, comes from the trespassing of one particular sphere on the purview of the others. It is as if society becomes transmogrified by developing in excess one particular system at the expense of the other two, so much so that the over swollen organ comes, by tumorous obstinacy, to colonize and assimilate the other vital centers, and thus creates imbalances leading to a variety of more or less virulent reactions and maladies. (p.627)

Preparata concludes that Steiner provided a remedy for what is needed to bring health to society and an ailing societal economic-metabolic system:

The only foreseeable remedy, said Steiner, can come from a more intense involvement of the workforce in the doings of the spiritual sphere, and from a heightened protection by the rights-state ... set out therefrom [sic] to codify laws and diffuse initiate knowledge. ... The “right thing” will be found only through all three independent branches of the body social, conjointly, in working together for a social end. (Steiner 1923, p.114) (Preparata 2006, pp.632–634)

As Preparata points out, the impulses or principles that are at work, and the need for an interconnected yet independent working, are the same whether looking at a social structure or a living physical structure.

The challenge is that, unlike in the case of the physical structure of a living being that possesses living systems that we can actually see, in a social structure we cannot see the systems. However, studying physical living systems with our human senses, while utilizing our capacities for thinking and feeling and developing sensitivity for what underlies the physical, can give us insights into social systems that we are not able to see or touch. The indications for the new social forms given by Rudolf Steiner have been further developed by many others and extended and applied to the understanding of social organisms as threefold entities. Much can be learned from the work of these others. Studying and penetrating the concepts in order to gain understanding also provides the opportunity for developing our own capacities to understand what we cannot see.⁴

Unlike many mainstream organizations, businesses and corporations where the form and operating structure are still based on a clear hierarchy of owner/stakeholder-driven leadership and management, Anthroposophical organizations like Waldorf schools, have had the benefit of Steiner's guiding principles for new organizational forms for the past nine decades. In Waldorf schools worldwide there is ongoing striving to manifest these forms into effective leadership, management, and governance structures with clearly defined and articulated roles, responsibilities and accountabilities for those working in them.

In the same way that an educational system can only provide an education that serves the healthy development of a growing child if the system is designed with a deep and meaningful understanding of human development, so too is it true with organizations. Before we can participate in the design of new effective social systems and organizational forms and structures that serve the well-being of the organization, we must first understand them as evolving life-forms. (de Geus 1997) (Senge et al.2004) (Senge 1994) (Wheatly 2006) In order to positively impact social systems we must understand the phases and stages of organizational development as well as the needs of organizations as developing, growing entities. (Schaefer & Voors 1996) Approaching organizational development from this paradigm will assist us in manifesting effective governance, leadership and management forms and structures, and in cultivating and nurturing healthy organizations and organizational life.

The intention in what follows is to describe what has been learned and discovered about how an organization's development can be guided and can thrive over time when it is treated as a living, growing, developing entity, utilizing new living forms inspired by the principles and indications of Rudolf Steiner. Beginning with viewing an organization as a life-form, as well as one that is a reflection or expression of the threefold human being, a framework can be provided for how an organization comes into being and matures and how it develops the living systems that enable it to maintain health and ultimately stay connected to and serve its purpose for existing. It is also possible, when an organization grows and develops as it should, that it would then be able to not only serve its purpose but serve a higher social mission of modeling a way to bring global and universal well-being to the rest of society. If we are to see a positive change in current social structures with a resulting healthy cultural-spiritual, political (legal-financial) and social-economic life on earth for humanity, perhaps the remedy is that organizations must be treated not only as theoretical living systems but as actual living social entities with very specific and unique developmental needs.

While mainstream corporate organizational development thinkers are making progress with a new consciousness based on a quantum physics scientific paradigm, and on the premise that organizations contain the characteristics of living learning entities, the actual forms and structures are still amorphous within the prevailing traditional hierarchical top-down management models. On the other hand, the cutting edge living systems forms and

structures that Waldorf schools strive to apply to governance and management often lack the new understanding that has emerged in the mainstream corporate world developed from advances in science, in particular quantum physics and its relationship to social consciousness. What follows is the culmination of a combination of qualitative research, practical application of the interpretation of that research, and implementation of living systems at the Vancouver Waldorf School in Vancouver, Canada. The results of this work will unite the understanding of a threefold ordering of organizations rooted in Steiner's threefold spiritual philosophy of life with the new living systems paradigm rooted in quantum physics, in order to create organizational forms and structures that result in a modern vision of effective organizational development that is co-evolutionary. In other words, the hypothesis is that the result will not only be the manifestation of an innovative, more effective, resilient organizational form and structure that enables the organization to fulfill its mission, but it will also have the kind of positive evolutionary effect on the rest of society that is highlighted by Margaret Wheatley's work (2006).

Drawing on the theories developed by contemporary mainstream thinkers like de Geus, Senge, and Wheatley, who have done groundbreaking research on social organisms as dynamic living entities, Chapter 2 will establish how the foundational threefold principles identified by Steiner as fundamental in the human being and in society, when intentionally nurtured and cultivated, are also important and essential forming principles in these dynamic living entities we call organizations.

Chapter 3 will provide a basic understanding of how an embryo develops and differentiates into three distinct yet interdependent life-giving systems. Understanding the differentiation, development and function of these systems in the human organism is essential to create a foundation for understanding the development and differentiation of organizational systems, in this case in a Waldorf school. This will help in understanding a social organism as a living social entity and as such, as a reflection or expression of the threefolded human being from this systems perspective. Facilitating the differentiation and development of the life-giving operational systems of an organization will be most successful if it is approached with an understanding of how organizational systems are formed and how they function and are maintained. Chapter 3 will also describe the phases of development that a school as a social organization goes through and will highlight the correlation with the differentiation of the human embryo and fetus. Insights gained from this knowledge guide the intentional threefold differentiation and development of an organization.

Finally, Chapter 4 will document the process of intentionally facilitating a threefold differentiation of the Vancouver Waldorf School using as a foundation the assertion that an organization is a living entity with developmental needs that must be met by the people working in service to the organization. This is accomplished by intentionally working with and

modeling the forms and structure while applying the principles that underpin the development and function of the three human systems. These are the same principles inherent in the greater societal structure.

Chapter 5 will document the outcome of the threefold differentiation, as well as conclusions reached and possible next steps that can be taken to further the research.