
Global Action Networks

A Global Invention Helping Business Make Globalisation Work for All

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In response to the challenge to make globalisation work for all, a new type of organisation is emerging, called **Global Action Networks (GANs)**. These networks cross important divides such as developed–developing countries, business–government–civil society, cultures and knowledge disciplines. Their core work includes the creation of large-scale profound change that is needed to address global challenges and develop opportunities. Issues include sustainability, corruption, poverty and health. GANs represent a major shift from a ‘Government World’ where government is the key arbitrator, to a ‘Governance World’ where power is shared. This paper explores their key characteristics, why they are important for business and their implications for business.

- Global action networks
- Globalisation
- Networks
- Societal learning and change
- Large-scale change
- Governance

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PROTESTERS WHO HAUNT INTERNATIONAL MEETINGS OF THE WORLD BANK, THE World Trade Organisation, the World Economic Forum and almost any other big gathering of international decision-makers are right—we are in a big mess. Just consider some of these facts:

- ▶ More than 500 million people live in regions prone to chronic drought. By 2025, that number is likely to have increased at least fivefold, to 2.4–3.4 billion (Worldwatch Institute 2003).
- ▶ More than 100 countries have a per capita income less than it was 15 years ago. As a result, more than one-quarter of humanity is worse off today than it was in 1985 (UNDP 1999).
- ▶ An estimated 120 million children, aged 5 to 14, serve in the labour force on a full-time basis (ILO 2000).
- ▶ In 2000, approximately 3 million people died of AIDS, even as an additional 5.3 million became newly infected with the human immunodeficiency virus (HIV) that causes AIDS (UNAIDS 2000).
- ▶ Global temperatures will increase by nearly twice the previous estimates: by 1.5°–5.5°C in the coming century (IPCC 2001).
- ▶ 75% of the major marine fish stocks are either depleted from over-fishing or are being fished at their biological limit (UNDP *et al.* 2001).
- ▶ Between 1990 and 2000, Africa and South America lost 8% and 4% of their total forests, respectively (WRI *et al.* 2002).

Businesses are becoming increasingly involved in these sorts of issues for several reasons. Many of the issues have substantial implications for stability in the business operating environment; they affect people as consumers and as employees; responses often include legislative ones that impact businesses' ability to operate; solving problems is also a source of business opportunity; and basic business concerns such as sourcing of raw materials and patterns of global trade are involved.

It is not very likely that the organisations that presided over the growth of these big messes will lead us out of them. The messes are not just evidence of things that our governments and international government organisations such as the United Nations and the World Bank are doing wrong. More often the messes are evidence of unreasonable expectations of them. They simply are not capable of addressing the global challenges we are facing. We need radically new approaches. We need to invent a new way to approach these messes.

In the language of international bureaucrats, we are in the midst of a 'global governance' crisis. What they mean in everyday language is that things are out of their control (probably a good thing), spinning in a direction that does not spell a pretty future for anyone (although some people think that they will do well) and that no one knows what to do about it (which is a really big problem).

From an inventor's point of view, a really big problem is an intriguing challenge. Inventors are usually thought of in relation to 'things' such as faster computers, medical technologies and new energy sources. But, in this case, inventors are needed to create new ways of organising that tie together the resources that are needed to address the global-scale problems. Happily, these inventors of organisational technologies exist.

Although the inventors are increasingly numerous, they are generally oblivious to one another's work. But the basics of their inventions become clear by looking at common patterns among their efforts. These patterns only started to emerge after the fall of the Berlin Wall, and gathered with discernible force and focus at the end of the 20th century

and the few years since. Their inventions will be playing an increasingly important role globally, and they are important for people in international business, government officials working on transnational questions and citizens concerned about global issues. Examples of the inventions include:

- ▶ The Global Reporting Initiative (GRI), which brings together business, civil society and ‘intermediating’ organisations to develop a global reporting framework for corporate performance in terms of its social, economic and environmental impact
- ▶ Transparency International, which mobilises lawyers, business and governments to take on the issue of corruption globally, with chapters in more than 90 countries
- ▶ The Access Initiative, which is a global civil society organisation working with governments to integrate participatory practices, access to information and judicial recourse into environmental decision-making
- ▶ The International Center for Trade and Sustainable Development (ICTSD), which is a non-governmental organisation bridging the divides between those working in the trade arena and those in the sustainable development one
- ▶ The Health Cities Movement, a global and local collaboration of citizens and people from business, government, and other sectors of society taking action for the well-being of the entire community

The inventing began with issues that were the most pressing, complex and in obvious need of joint effort from many organisations. Globally the inventing began with healthcare in the mid-1980s, producing the Health Cities Movement, and with environmental issues such as climate change and the Kyoto negotiations. The pace of the invention’s development quickened in the late 1990s as the failings of traditional approaches to global issues became more obvious, the problems grew and lessons from successful experiments with business–government–civil society collaborations mounted.

Global Action Networks (GANs)

The inventions are Global Action Networks (GANs), which build on the academic concepts of international regimes (Young 1999a) and global public policy networks (Reinicke and Deng 2000; Witte *et al.* 2000). Labelling them as Global Action Networks more appropriately describes their essence: bringing together diverse groups and resources around the world to create the vision of how we can prosper as a common humanity and to actually create the depth and breadth of change that the vision demands. GANs are organisations and networks that join together under a common name to address a particular issue of public concern through a worldwide change strategy.

GANs represent a huge change from traditional approaches to big international problems. They bring together diverse organisations and opinions to tackle problems. This includes business, government and civil society¹ organisations, voices from the Northern (developed) and Southern (developing) countries, professional associations, various academic disciplines and many industries. They collaborate to address such diverse issues as justice, environmental degradation, health, food security, equity, eco-

¹ ‘Civil society’ is used as a more precise, but similar, term to independent/voluntary/third/non-profit sector. The terms ‘civil society’ and ‘civil sector’ are becoming the dominant international ways to refer to community-based organisations that include non-governmental, religious, labour and grass-roots organisations.

GANs may be known for . . .

. . . addressing a particular concern . . .

The Forest Stewardship Council supports environmentally appropriate, socially beneficial and economically viable management of the world's forests. Members include a diverse group of representatives from environmental and social groups, the timber trade and forestry profession, indigenous peoples' organisations, community forestry groups and forest product certification organisations from around the world. It has an international labelling scheme for forest products, which provides a credible guarantee that the product comes from a well-managed forest. It is transforming forestry practices into sustainable forestry practices.

. . . researching an issue to define a 'solution' . . .

The World Commission on Dams was established to investigate issues concerning large dams. The 12 commissioners were nominated by interest groups and reflect the diverse hands-on experience of engineers, planners, dam owners, government decision-makers, environmental scientists, affected peoples, indigenous peoples, academics and researchers.

Box 1

conomic development and fair play: issues that were traditionally considered the reserve and responsibility of government political activity. With all these issues GANs are filling an important role in developing more effective international organisational arrangements, and are doing the critical social knitting that creates a global social contract.

GANs have five key characteristics. Each of the five characteristics can apply to a number of other types of organisation. But collectively the characteristics make GANs a unique invention.

Characteristic 1: GANs are global

Being global is not just a matter of geography. It is a framework for thinking and acting. GANs are actively dealing with the challenge of being and thinking both globally and locally. Of course any global organisation is going to have connections that vary considerably from country to country. GANs, for example, tend to be less active in China and the Arab countries. However, they aspire to be relevant to all parts of the world.

GANs respond to the question: 'How can we create and implement effective action in the international arena, given the absence of a sovereign state authority?' Rather than thinking of the solutions as global government or territorial-focused ones of nation-states, the response of these new networks is to create issue-focused systems. This is because the issues themselves are not territorially restricted.

The action networks may well prove appropriate to effectively address all types of issue that require more than one nation's action. But, from their current development, it appears that they are particularly useful where multiple nations are involved, as opposed to two or three where traditional international approaches might prove more robust. The attractiveness of GANs in a multinational context is their ability to engage diverse opinions and maintain a flexibility that is difficult with more traditional policy-making processes.

Characteristic 2: GANs focus on issues of common public concern

GANs aim to address issues of broad concern such as corruption, health and poverty. These are complex issues that Ackoff (1974) appropriately described as 'messes', since

responsibility for them is unclear and they require action by a diverse group of stakeholders.

GANs develop action that is in the public interest. Unlike business and industry lobby groups, for example, which work simply for their members' interests, GANs aim to take into account a larger interest. However, sometimes organisations such as industry trade associations join with other organisations to collectively form a public interest group. This is the case with the Minerals, Mining and Sustainable Development Project initiated by the World Business Council for Sustainable Development which partnered with the non-governmental organisation (NGO), the International Institute for Environment and Development, to understand how the mining and minerals sector can contribute to the global transition to sustainable development.

During their development process, GANs must be able to address traditional public policy challenges. This includes addressing the four different functions of traditional international policy 'regimes' identified by Young (1999b):

- ▶ Regulatory functions that involve regulatory-like ways to encourage new behaviours
- ▶ Procedural functions that provide processes through which participants can develop
- ▶ Programmatic functions that pool resources and undertake collective activity
- ▶ Generative functions that produce new knowledge, ideas and practices

Characteristic 3: GANs are emerging systems

Typically, there are many organisations, projects and networks already addressing the issues on which GANs focus. For example, there were many standards for triple-bottom-line corporate reporting when the Global Reporting Initiative began; many initiatives were addressing corruption when Transparency International appeared; and many organisations were emphasising participatory decision-making processes when The Access Initiative came on the scene. The particular contribution that GANs make is building 'system consciousness'—that is to say, creating awareness of those already addressing the issue of one another's activities and raising their attention to the priorities for creating an effective *system*, in contrast to the typical focus on the priorities of an individual organisation or project. GANs are structured simply as relationships between many organisations. Participation is open to a very broad group of organisations, bound together by commitment to work on a particular issue in ways that reflect a specified set of values. Through a GAN participants exchange information and resources and take joint action as they see fit; they cannot be 'ordered' to do something, but must be induced to act.

GANs do not 'manage' or even 'co-ordinate' activity of those working on the issue in any traditional hierarchical way. Rather, they aim to identify critical interventions that can enhance system *coherence* (a critical complex system concept)—enhancing the ability for all those working on the issue to move in a similar direction with increased speed, impact and effectiveness.

GANs are often products of other, traditional networks that represent a subgroup of stakeholders that focus on a particular issue. The IUCN is an early example of this type of network (Box 2). These types of network can take action on their own, but it is relatively limited since they often lack critical resources and capacity to undertake the changes needed. Increasingly often these types of network are combining with others to create GANs to overcome these shortcomings. These are very often GANs that are business, civil society or government networks, such as the Microenterprise Summit (Box 3).

GANs operate at a level between organisations and society in general. Activities revolve around a relatively broad vision and general goals that reflect the interests of multiple

BEFORE THE TERM 'GAN' HAD BEEN COINED, THE WORLD CONSERVATION UNION (IUCN) had begun to operate as a global public policy network leader, spearheading collaborative efforts to bring a civil society voice to the global decision-making process. One of the first organisations that included both governments and NGOs in its membership, it combined these in voluntary networks of experts (organised through its commission system), and supported this interaction through a secretariat comprising mainly experts from the various scientific disciplines.

In the 1970s and '80s, the Union brought the agenda of its stakeholders to bear in a number of global environmental policy decisions. Evidence of this can be found in the growth of national park systems, the awareness of the threat of species extinction and even the creation of the United Nations Environment Programme, in which IUCN was a key player. A culmination of this long-standing pattern is, ironically, the Biodiversity Convention, which closely reflects—and marks a turning point in—IUCN's proactive policy efforts. Today, however, IUCN shies away from its once powerful role as an organising and mobilising force for global policy and leans instead towards the more technical and technocratic aspects of conservation work. As a result, its influence in Southern countries and civil society groups operating outside this agenda is waning.

Box 2 THE IUCN: AN EARLY GAN LEADER

Source: Tariq Banuri

THE MICROCREDIT SUMMIT IS A GLOBAL CAMPAIGN TO EXPAND THE USE OF microcredit (usually loans less than US\$500 through peer groups) as a tool to alleviate poverty. Launched in 1997, by 2005 the campaign aims to reach 100 million of the world's poorest families with microcredit. The campaign brings together microcredit practitioners, advocates, educational institutions, donor agencies, international financial institutions, NGOs and others to promote best practices in the field, expand resources for microcredit and its use and to learn from each other.

Operated with a staff of about a dozen and a budget of US\$1 million, the Summit's secretariat is structured as a programme of the Washington, DC-based NGO, the Results Education Fund. It has 'councils' of different stakeholder groups; the most important are the council of practitioners which had 2,200 organisation-members by 2001, and a council of multi- and bilateral agencies and donors.

Box 3 THE MICROCREDIT SUMMIT: A FINANCE AND DEVELOPMENT GAN

organisations. They provide a forum in which organisations can develop a broader consensual understanding of problems and opportunities and can take collective action based on that understanding.

Networks are self-regulating (Chisholm 1998). GANs usually have official entry and exit provisions to define who is 'inside' and who is 'outside'. Participating organisations are loosely tied and are usually considered 'participants' or in more formal cases 'members'. They join a network based on their interest in, and ability to contribute to, a network's action, as well as some broad criteria established by the network. They participate within the network on a collectively defined basis that usually allows for a great variation of intensity of participation based on an organisation's desires. Through participant decisions and activities GANs establish their own agenda and range of action, conditions for voice, obligations and penalties for non-compliance.

Networks are particularly potent vehicles to address global public policy issues for a variety of reasons. They can mobilise and combine diverse resources; the diverse perspectives that they embody can produce innovative solutions and action; they enable broad dissemination of ideas and activities; and they are usually much less expensive to run than a traditional bureaucracy created for the same purpose.

Characteristic 4: GANs are bridging organisations

Bridging differences is a major part of GANs' work. Participants enter with a wide variety of differences that, without attention, can be highly problematic. The parties that GANs bridge depends on the GAN. The Forest Stewardship Council bridges mainly between business and civil society, and within civil society between North and South (Box 1). For the Global Compact initiated by the United Nations, the main bridging is between international government organisations and business.

The aim is to create consensus across these differences. Consensus does not mean total agreement, nor does it mean that there will be a monolithic approach—indeed, pluralistic approaches are associated with success. Perhaps one of the greatest contributions of GANs is that they aggregate diverse voices and contexts into a manageable number of voices. There is no way that global forest companies can, for example, effectively respond to the hundreds of individual civil society organisations in the Forest Stewardship Council.

These innovative networks aim to bring voices together of all stakeholders or a specific subset of stakeholders in an issue. Most GAN issues by their nature cross North–South development divisions. This means that GANs must develop strategies to help articulate the distinctive voices from each of these parts of the world—parts where distinctive development paths and resources give rise to particular perspectives and problems. As well, most GAN issues involve business, government and civil society in devising and implementing solutions.

GANs create vertical linkages between the three organisational sectors of business, government and civil society. For example, they combine local businesses and national businesses in a global structure. To function well, GANs also depend on the ability to create horizontal linkages within each of these three sectors to engage all the organisations within each sector. For instance, in government this means linkages across government ministries that are stakeholders in a particular issue (Reinicke and Deng 2000). Important bridging includes:

- ▶ Geopolitical, as between North/developed countries and South/developing countries
- ▶ Experiential, as between analytical research expertise and practical applied experience
- ▶ Professional or disciplinary, as between natural and social sciences, or between economics and politics
- ▶ Ideological, as between trade and sustainable development, or between environment and development
- ▶ Scale, as between global, national and local
- ▶ Form and size, as between local and global, large and small NGOs, between multinational corporations and small–medium enterprises, international government bodies and local ones

There are three core consensus-building consecutive tasks for GANs. First, a problem must be defined. This type of process can be extremely controversial, as the climate change negotiations have proved; the basic science remains even today in dispute by a vocal minority. The second task is to design a joint solution to the problem. For GRI, for example, this has involved the creation of a global framework for measuring corporations' impact in environmental, economic and social terms.

The third task is implementation of the designed solution. Usually global activists emphasise the importance of enforcement with this task, which is highly problematic

in the global arena given there is no enforcement agency. However, this task also involves important educating and capacity-building work that GANs engage in. For example, The Access Initiative is a GAN that works with governments to build their capacity to improve environmental decision-making processes. In addition, when it comes to enforcement, GANs can build important local networks to encourage this. For Transparency International, its network of chapters in 90 countries has a particularly important role in this regard.

Characteristic 5: GANs are global societal change agents

Bringing about global change with complex issues of public interest requires unusual and new skills, processes and strategies. GANs are developing these, and their success will be tied in large part to their ability to build new capacities to do the deep and broad change work required.

In effect, GANs are agents for societal learning and change globally (Waddell 2001, 2002c). Similar to organisational learning traditions that build the capacity of an organisation to do new things, societal learning and change involves building society's capacity to innovate and change. Such a scale of change occurred throughout Western societies with the ending of the Great Depression by the creation of the welfare state and new roles for central banks and government in regulating the economy. This particular great round of innovation was topped off with the creation of global world government organisations of the United Nations and the Bretton Woods organisations. It left us with a world where government was expected to be the key problem-solver. In that 'Government World' represented in Figure 1, the social contract was negotiated between government, big business and big labour.

We are now at a point where we need a similar scale of change on a global level, but this time environmental disasters and increasing poverty and inequity in the paradoxical face of incredible new technological capacity are the key change drivers. To achieve the change requires co-ordination between four critical systems: the natural environment and the three core systems of our civilisation, political, economic and social. GANs are now actively creating that world, which is represented in Figure 2. This can be called a 'Governance World model'. In 1995 the Commission on Global Governance defined governance as:

... the sum of the many ways individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and co-operative action may be taken. It includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their interest (Commission on Global Governance 1995).

Cut to the essence, this means that governments are only one way that citizens express and organise themselves; they have businesses, environmental organisations, professional groups, trade associations, churches, unions, community groups and many others. Citizens make choices based on traditions, values and culture. Governments have a very important and special role among all these organisations, but they are only one of many organisations and influences that work together to make a society successful.

In Figure 2 this world is represented as overlapping worlds on three levels. There is the system level, which represents distinct organisational sectors in which there are organisations that have distinct logics defined by attributes such as their goals, time-frame orientations and organising approaches (Waddell 2002b). GANs are both agents that are managing the change to the Governance World, and examples of the type of organisation that will provide leadership in the Governance World.

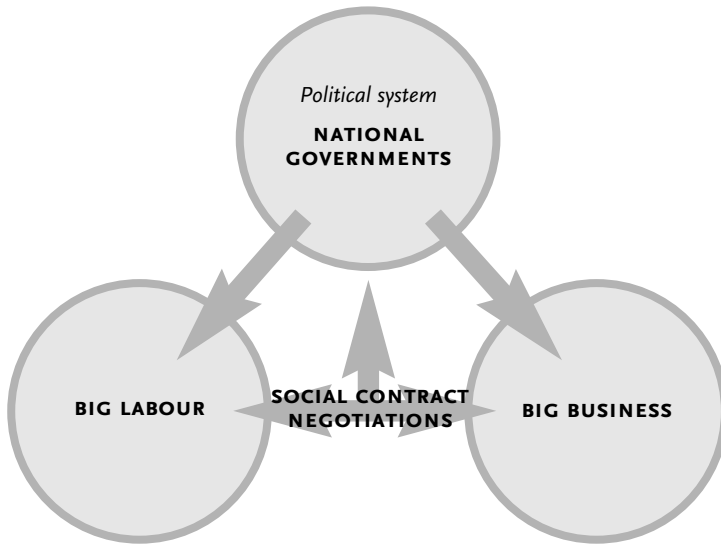


Figure 1 TRADITIONAL GOVERNMENT WORLD MODEL: SOCIAL CONTRACT NEGOTIATIONS

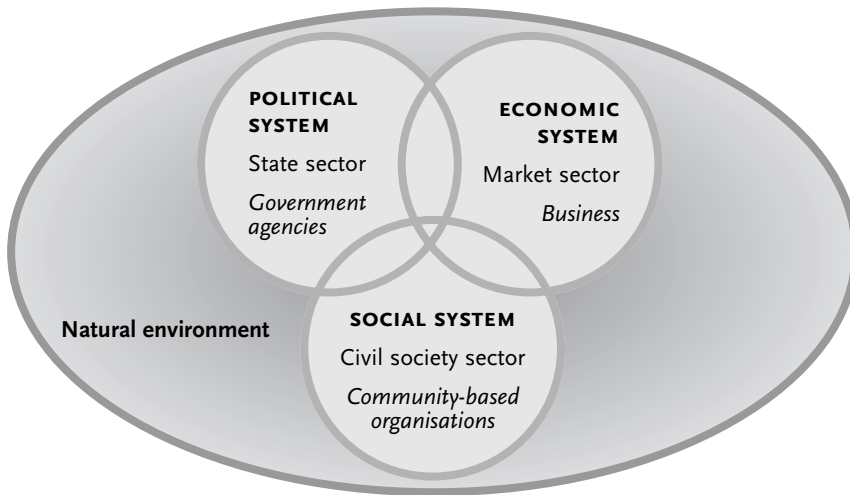


Figure 2 THE EMERGING GOVERNANCE WORLD MODEL: SOCIETAL CO-CREATION

The GAN world is closely associated with the world of ‘intersectoral collaboration’— joint initiatives involving business, government and civil society (or two of the three). They operate at the global level, but to be effective they must address the ‘glocal’ challenge of generating valued activity at the local plant/business/community level as well. Their development involves the complicated work of both creating a global network and building on existing local activity relevant to the global network goals.

Different types of GAN

GANs' societal learning and change characteristic is particularly important, and different types of GAN can be identified on the basis of their strategies to do this change work. The way they structure themselves to do this work is influenced by their origins within the sectors of business, government or civil society. There are four basic types.

Internal collaboration GAN

When the societal learning and change work is a core internal activity of the GAN it may be referred to as a **internal collaboration GAN** (Fig. 3). These are GANs that have particularly open structures and encourage broad membership. The FSC and GRI are the classic examples of this type. The GRI is organised around four 'stakeholder constituencies', which represent its theory about how to create sustainability through its core change strategy of application of a triple-bottom-line framework. These constituencies are businesses, labour, civil society activist organisations (including a labour category) and intermediating organisations, which refers to research and professional groups. The FSC is organised around three 'chambers', which represent its theory about how to create sustainable forestry practice. These are economic, environmental and social chambers.

MODEL 1: INTERNAL COLLABORATION GAN

Examples: Global Reporting Initiative, Forest Stewardship Council

- ▶ Formal internal sectoral divisions
- ▶ Encourages mass membership
- ▶ Owned by more than one sector
- ▶ The different shapes within the circle represent different key stakeholder groups

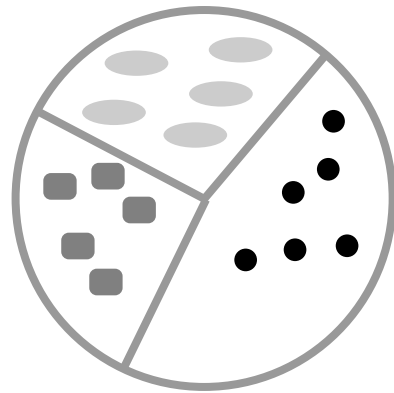


Figure 3 INTERNAL COLLABORATION GAN

Associative GAN

Where these divisions are less explicit and business's role in the GAN is particularly important it may be called an **associative GAN** (Fig. 4). This type of GAN includes in its governance the key issue stakeholders, but does not create formal groupings for them. Whereas multi-stakeholder GANs highly value mass participation, business-derived GANs are more circumspect about who should be involved. Transparency International, for example, makes sure that it has legal experts, business representatives and people from government on its board and core committees. At the international level these are identified by national chapters rather than by stakeholder groups. Similarly, the Marine Stewardship Council has mainly business people and experts at its board level, and it has an advisory committee that includes activists and a broader range of people.

MODEL 2: ASSOCIATIVE GAN

Examples: Transparency International, Marine Stewardship Council

- ▶ People participate as individuals
- ▶ Relatively controlled leadership structure
- ▶ Tends to be business-oriented
- ▶ The different shapes within the circle represent different key stakeholder groups

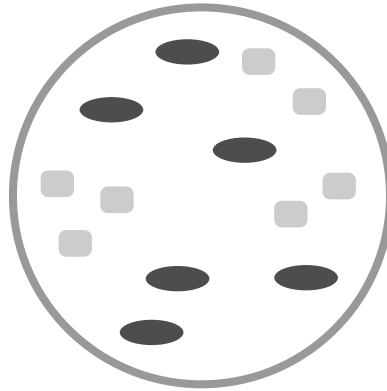


Figure 4 ASSOCIATIVE GAN

Supportive GAN

A **supportive GAN** (Fig. 5) is perhaps the least clear because civil society’s global organising in general lags behind the other two sectors. The Access Initiative (TAI), for example, is a global network of civil society organisations but it works with governments to build their capacity with respect to environmental decision-making issues. It is creating a separate organisation in which all stakeholders will join together, and in which TAI will be a critical component network.

MODEL 3: SUPPORTIVE GAN

Examples: The Access Initiative, Ban Landmines Coalition

- ▶ One global network supports change in another sector
- ▶ Relatively controlled leadership structure
- ▶ Tends to be civil-society-oriented

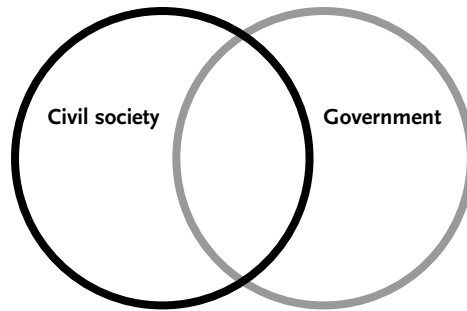


Figure 5 SUPPORTIVE GAN

Adaptive GAN

An **adaptive GAN** (Fig. 6) reflects the adaptation of the traditional government-led process to create international agreements (see Box 4). The climate change negotiations demonstrate how these are changing. This type of GAN is heavily influenced by the tradition of lobbying government and the formation of business and civil society coalitions to do this. In this model, governments retain final authority, but integrate roles for other sectors. In this model it is important for other sectors to have strong and voices unified in sub-networks that can claim to represent large parts of the economic and social systems.

MODEL 4: ADAPTIVE GAN

Examples: United Nations Framework Convention on Climate Change; World Trade Organisation

- ▶ A traditional network organisation becomes a GAN
- ▶ Faces big issues of internal change and power-sharing
- ▶ Is government-dominated

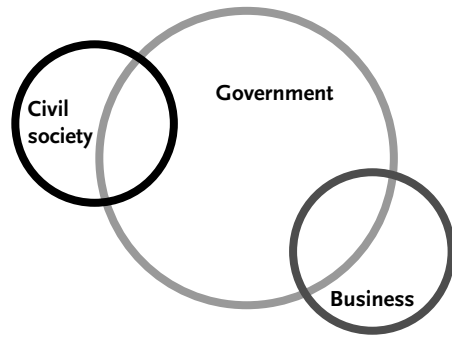


Figure 6 ADAPTIVE GAN

To further illustrate the distinctive quality of GANs, it is useful to give some examples of organisations that are not GANs. Oxfam International is a network of national Oxfams engaged in aid and development work. It is not a GAN, since it has highly restricted membership. The national Oxfams are not GANs since they are neither global nor is their programmatic activity focused on societal change. Friends of the Earth, the World Business Council for Sustainable Development, Greenpeace and WWF are not GANs, considering their broad range of programming that does not focus on building collaborative interactions with other key sectors. It is important to note that they do, however, have programmes that do this. Moreover, these programmes can grow into GANs. For example, for five years during its initial development the GRI was technically a programme of the Boston NGO, CERES.

The Climate Action Network is not a GAN, but it is a component of a GAN-process that is particularly worthwhile describing because the process represents a transition from the Government World to the Governance World. It is a social movement civil society network that has managed to bridge the North–South NGO divides to create a unified voice in the climate change negotiations, but it has no significant life outside those negotiations (see Box 4).

Particularly with the government-derivative GANs, a key organising challenge is to create component GAN networks such as CAN (Climate Action Network), in order to be

THE CLIMATE CHANGE NEGOTIATIONS AROUND THE KYOTO ACCORD REPRESENT a sort of halfway house between the government and Governance Worlds. That process began with the assumption that governments would get together and hammer out an agreement. However, at the 1992 Rio Earth Summit when 10,000 NGO representatives appeared, they made it clear that a more open process was necessary. Subsequently, the decade-long United Nations Framework Convention on Climate Change (UNFCCC) negotiations established a process to recognise NGOs, businesses and non-national levels of government. Although the actual engagement of these other organisations in the process was extremely constrained, it gave rise to some important networks. In particular, on the NGO side it spurred the development of the Climate Action Network as a single global civil society voice. The business side was less unified, but global business associations such as the World Business Council for Sustainable Development also had an important presence. To be influential globally, the organisational sectors had to organise themselves into a unified voice.

The climate change negotiations, therefore, were GAN-like in that all the parties were present. However, the governments kept such tight control for themselves that they were not GAN-like in process.

Box 4 CLIMATE CHANGE NEGOTIATIONS: A GAN TURNING POINT

able to do the inter-sectoral societal change work. Advocacy networks such as Global Forest Watch, Blue Planet (water issues), Fair Trade Labelling Organisation, Jubilee 2000 (poor country debt reduction) and the World Social Forum all have potential to be GAN components, given the right circumstances, choices about strategies and ability to create a coherent civil society voice. Similarly global business groups such as the International Business Leaders' Forum and the WBCSD, and regional ones such as Ethos and BSR (Business for Social Responsibility) all have potential to play important roles in societal learning and change and hence GANs.

It is government that has the greatest difficulty adjusting to the Governance World, since it is one in which government is no longer in control and the final arbitrator. The new approach implies reformation of organisations such as the World Bank, International Monetary Fund, United Nations and World Trade Organisation that traditionally were charged with taking leadership to address global issues. In the Governance World they must learn co-leadership skills and strategies. There are signs of some change as these organisations struggle to create space for non-governmental and business organisations with initiatives such as the UN's Global Compact aimed at engaging business and the World Bank's growing emphasis on participatory processes. One remarkable recognition of the importance of GAN strategies came in 2002 at the World Summit on Sustainable Development where the UN promoted GANs (called 'Type 2' partnerships) out of recognition of the failure of global environmental agreements among government to result in change. By the end of January 2003, 254 of these partnerships had been registered.

GANs' attraction for business

Businesses are becoming involved in GANs for some very solid business reasons. GANs offer vehicles for answering a number of key business concerns, including the following.

GANs create global standards

One of the major reasons for businesses to engage in the GRI was because it promised to solve the problem of competing triple-bottom-line reporting standards. Business was being overwhelmed by the number and range of requests for information about their social and environmental performance, and needed a standard that would respond to all the demands.

GANs address the 'glocal' quandary

As well as providing a global standard and framework for action, GANs provide structures for honouring diverse local cultures and contexts. Transparency International's strength is based on its national networks that can address corruption problems through local action, within a global strategy.

GANs provide a sustainable change strategy

The problem with traditional approaches to corporate social responsibility is that they suggest that the solution to big problems can be achieved by individual businesses. This will not work for a couple of reasons. First, firms that respond individually often find themselves at a disadvantage to their competitors, which have lower standards. Second, sustainability requires very big change beyond the scope of single firms. It requires

changes in the rules of the game. GANs provide a big change strategy to move everyone along at a similar pace, with the rules of the playing field gradually shifting to reflect the sustainability imperative. For example, the Marine Stewardship Council provides Unilever and other companies with a forum for ‘harnessing consumer purchasing power to generate change and promote environmentally responsible stewardship of the world’s most important renewable food source.’²

GANs are innovative

GANs work at their best when they generate creative dialogue that is possible between diverse stakeholders who listen well to each other. Early on in the climate change negotiations, it was largely through the persistent challenge of Southern NGOs that the concept of ‘ecological footprint’ was developed. Previously population growth had been targeted as the key issue—a focus that would have ignored consumption as a major source of climate change pressures and doomed the ability to create effective responses.

Challenges of GAN and the Governance World for business

To successfully develop and work with GANs presents particular challenges for business. The dynamics of the Governance World and GANs are different in important ways from those of the Government World. Recognising the key shifts in the dynamics in the two worlds is the basis for success in the Governance World and for working with GANs.

Power is shared

The Governance World is much messier, because there is not a clear arbitrator. No longer does the government wield the heavy stick. The Governance World requires quite different actions by business than the Government World traditions of lobbying or out-gunning government or civil society groups. Rather, this is a world full of complex negotiations between diverse interests. Business must build its expertise in these negotiations, which are qualitatively different from traditional contract-based negotiations because the parties involved in the negotiations and the issues are very different. Rather than negotiating with other profit-oriented partners, the GAN world relationships are between organisations with very different goals and more complex issues where objectives and clear-cut allocation of tasks and roles are more difficult to define. Rather than ‘negotiating’, the core dynamic is dialogue, joint learning with continually evolving relationships, joint experiments, memoranda of understanding and collective problem-solving/opportunity development approaches.

Resource integration is a core competency

In the business world key resources are associated with such things as financial muscle and productive capacity. In the Governance World, business must learn how to integrate its resources more effectively with the regulatory and taxation resources of government and the power of civil society to create trusting relationships, mobilise volunteer energy and rally people around values. The old idea of primary and secondary stakeholders dissolves, as GANs help to address core business problems such as the need to access markets and ensure provision of sustainable materials (Waddell 2002a, 2004).

2 MSC website: http://eng.msc.org/html/content_527.htm.

The environment will dominate the economy

Today most GANs are focused on environmental issues and concerns for sustainability. This has come into clear conflict with the traditional international government institutions such as the World Bank and the World Trade Organisation, which were solutions to the economic problems of the Great Depression. The rise of the GAN world is an indication that these institutions and the economic framework as the basic touchstone for justifying actions are losing their dominance.

Networks are the key organising form

The network age in terms of communications technologies has been here for some time. The network age organisationally is still in its infancy. Networks are the only way to address the complex organisational issues of GANs, and business must learn how to work in them. This includes a wide range of network types that GANs are prototyping: information networks, communities of practice, knowledge networks, task networks, societal change networks and generative change networks. Once GANs have developed the right network structures, tools and skills and built their capacity to use them globally, they will easily out-run the heavy bureaucracies of the Government World era.

Domains are the key organising—and marketing—units

Complex societal problems are ‘problem domains’ (Trist 1983). Understanding how to think in terms of ‘domains’ will be increasingly important to understand relationships and how business opportunities might be developed. This is particularly important for the concept of ‘market’. Domains at their simplest are the collection of stakeholders that have an interest in an issue. However, often some stakeholder organisations that are needed to address an issue or develop a commercial opportunity in a domain do not exist and the GAN can play a critical contribution in bringing them to life. In one example, this involved creating water user associations to take responsibility for development and ongoing maintenance of water systems. This type of ‘domain organising’ will provide new marketing avenues; the water user association becomes an important client that did not exist before.

Privatisation is becoming much more complicated

In the past there was a relatively clear-cut division of tasks between the three systems. The business of business was making a profit. Government was responsible for education, welfare, safety and other core issues. Business is increasingly being engaged in these public issues. At first the Government World seemed to switch to a corporate world with privatisations. However, because of problems with privatisations defined as ‘business takeovers’ there are increasing conditionalities and expectations to work closely with government and citizens’ groups. In fact a different base rationale is present in the Governance World. If business is to expect profits from a well-working system, it is expected to commit itself in a more integrated way to making the system work. Simply paying taxes is not enough.

Summary

When people engage in scenario planning and the elaboration of possible futures, one that always surfaces is a future world that is corporate-run—one where business and

government switch places in Figure 1. This reflects perceptions of reality that are heavily guided by the current world and restricted by the difficulty of imaging a future with truly different dynamics. It is still too early to decisively conclude that our future is the Governance World, but the rise of GANs is important supportive evidence.

Organisational inventions such as GANs face tremendous challenges in their initial development, since they defy the organising dynamics of the world around them. That they have grown to their current state of sophistication is good reason to believe that they integrate and reflect some important knowledge about how to make the world work in a better way. The difficulty with the Governance World scenario is that it is so different from what we know, that it is more difficult to describe than the corporation-as-ruler one. However, the promise that GANs hold as vehicles to make globalisation work for all is reason enough to pursue their development.

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