



# Managing in Four Worlds

## *Culture, strategy and transformation*

**Ronnie Lessem**

The “Four Worlds” of this article are metaphors for cultural types found in each of the four corners of the globe. The author proposes a model for organisations based on a balance of each element; creating a business that is competitive yet co-operative, and rationale yet holistic. The learning cycle to achieve such an integrated organisation has to include a tour of the four “knowledge worlds” to replace materially-based factors of production with knowledge-based ones. The model has already been used to varying degrees by a number of organisations, three of which are discussed in the article. © 2001 Elsevier Science Ltd. All rights reserved.

### Introduction

The world of economics and business has become dominated by one cultural frame of reference—western—to the point that the hidden strengths of other cultures are being ignored by many organisations. Before the demise of communism there was at least an alternative approach, albeit one in opposition. Now, the post-modern age of the information society is almost universally capitalist and even its latest manifestation, globalisation, exploits difference (cultural, economic, environmental) rather than integrates. No ecology can thrive for long when one element is rampant—resources soon become exhausted and the forces of balance impose themselves again, usually accompanied by the decline of the exploiter. Business, and ultimately economics, are no exception—as hinted at by the downturn of the Tiger economies and the subsequent emergence of East Asian regionalism in the form of “Asean+3” (Asean, China, Japan and South Korea).<sup>1</sup>

How will organisations equip themselves to achieve the kind of sustainable dynamics necessary to counter this unsustainable surge of capitalism?

The author proposes a model for organisations that will allow

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them to draw on the strength-in-balance of individuation, using four cultural types or “worlds” (drawing on personality types) as a metaphor both to explain differences in organisational approach and to show the way towards their integration. The resultant “four worlds” organisation is at once competitive and co-operative, rational and holistic—a contributor to a more balanced business ecology and ultimately a survivor.

Culture and strategy form the bridge between society and the organisation so let us first examine how culture has played a part in the work of our most eminent strategic thinkers.

### **Culture as a given—from effective manager to learning organisation**

Some eminent strategic thinkers have not specifically taken external culture into internal account. For Peter Drucker<sup>2</sup> the link between strategy, organisation and society was key to *effective* management, but for him “society” is a cultural given rather than as a discrete variable in itself. Michael Porter’s<sup>3</sup> approach to *competitive* strategy is heavily culturally bound, to what is termed here the “west”, but unwittingly rather than knowingly so. For Hamel and Prahalad,<sup>4</sup> for whom core competence plays a key part in formulating strategic intent, societal culture has no bearing on its nature and scope. While for Henry Mintzberg<sup>5</sup> and Ralph Stacey,<sup>6</sup> their *emergent* orientation calls upon a mixture of craftsmanship (Mintzberg) and dynamics (Stacey), cultural dynamics fall outside of their ken. Whereas Peter Senge<sup>7</sup> and Arie de Geus<sup>8</sup> have aligned strategy and behaviour with a *learning* orientation, such an orientation is “culture-free”. For all then, the underlying “theory of the firm”, as a free “western” enterprise, dominates unchallenged by the richness of society around it.

### **Culture as a variable—from information space to knowledge-creating company**

On the other hand, for a few strategic thinkers external culture is a key influence, and therefore the nature of the firm is no longer given. The “Four Worlds” model itself has been developed in Europe and Africa (and more generally in America and Asia) over the last 15 years.<sup>9</sup> These “Four Worlds” are identified by the figurative labels of *Western*, *Northern*, *Eastern* and *Southern* to represent four cultural types that can be found both “out there” in society, economically and politically, and “in here” for managers, psychologically and socially.

Max Boisot<sup>10</sup> links together corporate strategy, knowledge assets and societal learning through what he terms *information space*. In effect, Boisot’s markets (“western”) and bureaucracies (“northern”), clans (“southern”) and fiefdoms (“eastern”) are roughly analogous with the “four worlds”. The same could be said for Nonaka and Takeuchi through their “knowledge creating company”.<sup>11</sup> Their knowledge spiral incorporates socialisation

Anglian Water Group, internationally, for Virgin One Account in England, and is a Director of Concord Clothing in Zimbabwe.

(“southern”) and externalisation (“eastern”), combination (“northern”) and internalisation (“western”) (Table 1).

Yet the two Japanese researchers, like Boisot, while challenging the universal applicability of “western” business enterprise from a “micro” strategic and organisational perspective, fail to question its ultimate form and function from a “macro” socio-political and economic point of view. For all the new “micro” insights, therefore, that Drucker and Porter, Hamel and Prahalad, Mintzberg and Stacey, Senge and De Geus—as well as Boisot, Nonaka and Takeuchi—provide, we are still left with the impoverished choice between capitalism and communism, two exclusive worlds, one ascendant and one in decline across the world stage.

The intention here is to take on from where others have left off, in explicitly linking culture and knowledge, strategy and organisation from both macro and micro perspectives, via four mutually inclusive “worlds” rather than the two mutually exclusive ones—capitalism and communism. Such a transcultural orientation towards “west” and “east”, “north” and “south”, is intended more as a general metaphor than as a specific reality, though it can be loosely connected with particular regions of the world. We start then with an overall orientation to the “Four Worlds”, before considering the macro and micro implications for society and strategically for business.

The Four Worlds—an orientation

Transcultural rather than global in orientation

Whereas the socio-political orientation of the “Four Worlds” has emerged from out of the ashes of “old world” ideologies, the psycho-cultural orientation draws heavily on the work of the Swiss-German philosopher and psychoanalyst, Carl Jung.<sup>12</sup> The aim of the “Four Worlds” model is to promote a new transcultural orientation and thereby stimulate genuine socio-political as well as organisational transformation, rather than develop a “global” or “virtual” business—from a commercial, and technological perspective—and thereby by-pass any such cultural transformation.

Specifically the “Four Worlds” are:

Pragmatic—COMPETITIVE      Rational—SUSTAINABLE

Holistic—CHAORDIC      Humanistic—CO—OPERATIVE

Table 1. Comparative worlds

Source	Four Worlds			
	Western	Northern	Eastern	Southern
Boisot	Market	Bureaucracy	Fiefdom	Clan
Nonaka	Internalise	Combine	Externalise	Socialise
Lessem	Pragmatic	Rational	Holistic	Humanistic

Each has its under-developed or dysfunctional manifestation, and its developed, or functional, one. The more connected with the other three worlds, the more functional any one world will be.

What then are the four worlds, and what is the modern context, out of which the “post-modern” emerges? (Table 2).

### Beyond modernity: divisive polarities

For the past 150 years global politics and economics has been marked by two sets of politically and economically divisive, rather than culturally and psychologically integrative, forces—the “East/West” mutually antagonistic divide of communism/capitalism and the North/South chasm of wealth and poverty.

The collapse of the Berlin Wall in 1989 heralded the rebirth of a continent, if not of the whole world. The sudden demise of communism called for a newly variegated economic world view, born out of variety rather than duality. Both capitalism and communism were born out of partial, monolithic views of our humanity. Each being European, and respectively Scottish and German in origin, neither doctrine attempted to capture the cultural richness of the continent, not to mention the whole globe. Whereas Adam Smith, by implication, called upon the merchants of the world to unite, Karl Marx invited the workers to do the same.

Each appealed to one class of society rather than to another, and neither appealed directly to Scottishness, to Englishness, or to German-ness, not to mention African-ness or Asian-ness. In the same way as European cultural variety was ignored by both of the great modern ideologies, so was the variety of “post-modern”

**Table 2. The Four Worlds**

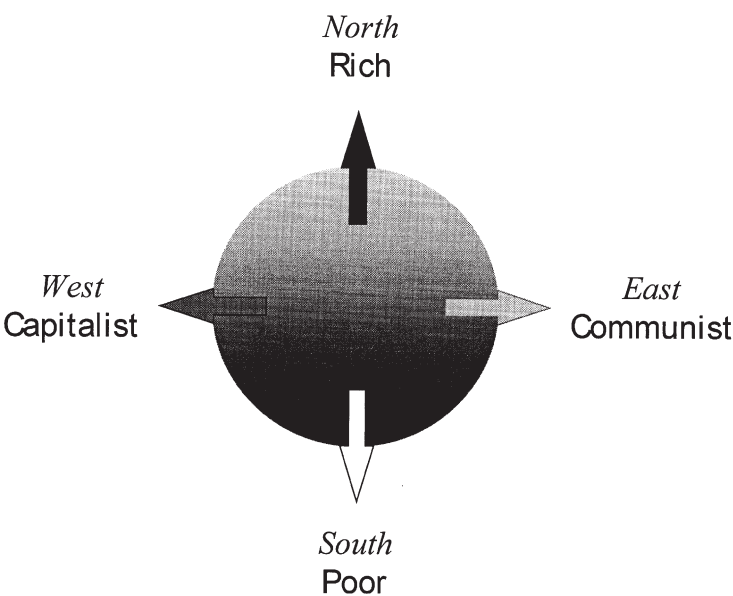
PRAGMATIC—COMPETITIVE	(Western)
The practical treatment of things, emphasising the application of ideas, whereby thought is a guide to action, and the truth is empirically tested by the practical consequences of belief.	
RATIONAL—SUSTAINABLE	(Northern)
The power to make logical inferences, whereby reason is a source of power independent of sense perceptions, based on deduction through a priori concepts, rather than via empiricism.	
HOLISTIC—CHAORDIC	(Eastern)
The belief that the determining features in nature are wholes, that organisms progressively develop, are irreducible to the sums of their parts, but function in relationship to them.	
HUMANISTIC—CO-OPERATIVE	(Southern)
Asserts the dignity of (wo)man, promoting human and social welfare, incorporating the arts and humanities, fostering self fulfilment in the context of collective and community relations.	

cultures, and indeed scientific paradigms, in the world at large. Capitalism or communism was assumed to be of unilateral appeal, north of the equator or south, eastern hemisphere or west.

In contrast to the dissolution of the East/West rift, the North/South divide between the rich nations and the poor represents a growing chasm rather than a growing together. This is seen most acutely in the many crises in the “southern” world, e.g. the land rights issue in Zimbabwe or the collapse of the Mozambique economy in the wake of the floods. Poverty and ignorance inevitably breeds social, political and economic instability. Such a “North/South” divide can also be found within Europe, particularly following the demise of communism e.g. conflict, displacement and poverty in the Balkans. The polarised state of Europe is therefore a shadow of the divide across the world’s stage (Figure 1).

**Inner and outer worlds**

While the reality of “communist” East and “capitalist” West, if not also “rich” North and “poor” South, in political and ideological terms, has proved divisive rather than mutually supportive, their symbolical importance in cultural and psychological terms is key to this paper. Essentially, as we move from the politics of division to the psychology of integration, contradiction between opposing forces is replaced by complementarity between opposites, and rivalry between factions is transformed into unity through variety. How might this come about, both within the organisation, as well as in its external strategic orientation? We start with the outer worlds.



**Figure 1. The modern divided worlds**

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*The old ideological  
divide served to hide  
worldly variations*

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## Inhibited outer worlds

Business through the ages has been a characteristically outgoing activity. Unlike philosophical, religious, artistic or even scientific activity it has involved extroverted rather than introverted attitudes and behaviours. The aggressive, individualistic and competitive “western” (Anglo-Saxon) nature of business enterprise has dominated man’s consciousness over the ages to the exclusion of the collective, co-operative and communal aspects which are also intrinsic to business. These latter aspects, however, are more characteristic of the “non-western” quarters of the globe—northern, southern and eastern—in which business and management theory and practice had been much less clearly differentiated. In fact, as the founder of Visa, Dee Hock, has recently pointed out,<sup>13</sup> the fundamental “north-western” principles of the joint stock corporation underpinned by the stock market have virtually remained unchanged since original inception, despite numerous pieces of legislation affecting its operation and governance. Consequently, as technological adaptation has raced ahead of organisational transformation, cultural diversity in business and management has been almost forgotten.

Business enterprises around the globe then, if they and their societies are to prosper *together* over the long term, need to draw more purposefully and creatively on their indigenous, exogenous, cultural and philosophical soils. While the business ethos in America is demonstrably different from that in Japan, further variants, such as those within Europe, have remained substantially hidden. Now that the Japanese communitarian ethos is being gradually eroded, we will soon be left with American capitalism as the only visible model for doing business.

The old ideological divide, whereby either the free marketplace (capitalism) or the state (communism) reigned supreme, served to hide such worldly variations. Perceived business differences were restricted to easily visible surface phenomena such as social habits of different cultures. Substantive differences were, by implication, then lumped together under the respective guises of capitalism or socialism, with a so-called mixed economy being seen to lie somewhere in between. For all the evident cultural differences between, for example, the French and the English, the American and the European, the Brazilian and the Chinese, none of these entered into the forefront of our business or strategic awareness. It was as if political and economic ideology concealed cultural and psychological variety. Why then should this have been so?

## Hidden inner worlds

### The static modern tradition

Until comparatively recently culture and psychology were considered to be entirely peripheral to business. Economics and politics, coupled with science and technology, ruled the business roost. To this day, business in its raw and primal context is much

more about buying and selling than about personal development and cultural evolution. Similarly economics, as a rationally-based science underpinning business activity, has been hitherto more concerned with “culture-free” notions of “monetarism” or “scientific socialism” than with culturally comparative philosophies. In fact, whereas at least since the 1960s, industrial and organisational psychology, if not also anthropology, has entered into mainstream MBA curricula, economic policy has remained dominated by the capitalism–socialism divide.

From the point of view of this article, the most viable alternative to the ideological duopoly of Smith versus Marx has come not from “culture-free” politics and economics, but from the culturally sensitised psychologist and philosopher Carl Jung. While Jung might be seen to be totally disconnected from the world of business, the Myers Briggs inventory,<sup>14</sup> based on Jung’s work, is one of the most prolifically used “management tools” in contemporary business. Needless to say, this pragmatic tool for assessing managerial style has been totally disconnected from the pursuit of individuation, or self actualisation—the psychodynamic philosophy of Jung the holistic “toolmaker”. So why does Jung acquire such an elevated position here?

## The dynamics of individuation

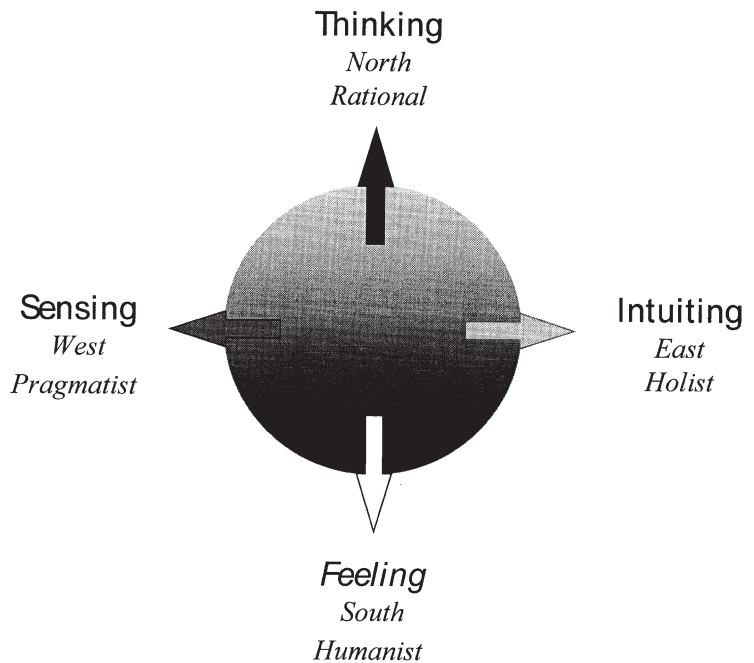
Jung’s quaternary of psychological and managerial types has formed not only the basis for the MBTI but also a source of inspiration behind the work presented here. These types, in effect, are mutually interdependent rather than mutually exclusive. In other words, as an organisation or society spreads across the globe, it will need to migrate across the quaternary. Through *individuation*, these inner worlds progressively welcome each other, unlike capitalism and communism, which shut each other out (Figure 2).

Jung’s four personality attributes, potentially contained within the individual, are aligned with this paper’s four philosophical perspectives, potentially contained within a society. Each individual and each culture has a predominating tendency. When fully functional, rationally-based *thinking* is a predominant characteristic of the systematically oriented managers and organisations of the sustainable North. Humanistically-oriented *feeling*, conversely, is a prevailing characteristic of the individuals and businesses of the co-operative South. It is more Irish than Scottish, more African than European, more humanist than rationalist. Pragmatically-based *sensing* is favoured by entrepreneurial Westerners and their competitive enterprises, while holistically-oriented *intuiting* comes naturally to “just-in-time” Eastern managers—as in Japan, Singapore or elsewhere, and their “chaordic” institutions.

## The shadow-side

Accompanying this dominant tendency, Jung argues, is a shadow. That means there is a side to our individual, corporate or





**Figure 2. Psychological types—the quaternity**

national personality which is hidden from us. So the “northern” thinker, or bureaucrat, needs to consciously acknowledge the “southern” feeling, or community, that has been concealed inside, and vice versa.

### **Rounding out—towards a global awakening**

As this transcultural approach advances from image to reality, there needs to be scope for individual managers, institutions and nations to grow and evolve. As such they need to be encouraged to round out as sensing (“western”), thinking (“northern”), intuiting (“eastern”) and feeling (“southern”) personalities over the course of their individual and organisational lives. This is only likely to materialise if the *competitive* western and *sustainable* northern parts of the “four worlds” not only assert their own selves, but also open themselves out to the *chaordic* eastern and *co-operative* southern parts of their global being.

To the extent that such an institutional awakening takes place, the western pragmatic emphasis, managerially and strategically, will be complemented, though not counteracted, by northern rationality, eastern holism and southern humanism. To that extent, strategic mergers like those between Seagram and Vivendi become part of an evolutionary thrust, rather than being merely a “competitive weapon”. However, such a *North/West* blend of entrepreneurship and systemic/structural competence will only be able to realise fully its potential if it stays in touch with humanity at large and acquires an holistic view of the society and market in which it operates, both psychologically and culturally.



Having orientated you to the “four worlds”, both socio-politically and psychologically, let us now consider how the organisation might evolve to incorporate these worlds into strategic management (macro) and R and D/operational management (micro).

## Managing in the Four Worlds

### Four Worlds in balance

This article argues that the politics and economics of capitalist–communist division, characterising modernity, might be replaced by the psychology and culture of integration and unity characterising post/modernity. As such, the strategist cannot rely on a competitive, sustainable, chaordic or co-operative approach on its own. Similarly, business needs not only to be market orientated, but also orientated towards resources (whether financial, manufactured, human or natural), linked into a “business ecosystem”, and also run as a community-based enterprise.

### The macro perspective: competitive to co-operative

#### Pragmatic—competitive: individual freedom—westernness

*Every firm competing in an industry has a competitive strategy, whether explicit or implicit. The goal of such a strategy is to find a position in the industry where the company can best defend itself against environmental forces or else influence them in its favour.* Michael Porter, *Competitive Strategy*.<sup>15</sup>

WESTERN-NESS emerges out of our spirit of freedom. Pragmatism, as a philosophical mainstem, is linked to both individualism and empiricism. Cultures that have emerged in this pragmatic world, generally characterised as Anglo-Saxon, have always shown a need to be practically orientated, seeking to understand and control, and to secure COMPETITIVE advantage, through exploiting resources and opportunities. The dysfunctional expression of such “westernness” is in outright materialism, its positive manifestation is in free enterprise. From a strategic perspective, the champion of such an approach to *competitive strategy* is Michael Porter,<sup>16</sup> with his pre-emphasis on competitive rivalry between individual firms.

For Trompenaars’, “Riding the Waves of Cultures”,<sup>17</sup> such “westernness” is *achievement* orientated and *inner directed*. Moreover, and especially in US terms, it is important to distinguish the “ready-fire-aim” Tom Peters’<sup>18</sup> approach of such “western” culture from its more rational “northern” overtones. In fact their integration provides the key to the success of, for example, Amer-

ica’s Microsoft—as in “Business at the Speed of Thought” (Figure 3).<sup>19</sup>

**Rational—sustainable: effective organisational systems—northern-ness**

*Sustainable growth has to be focused on functionality not product, whereby the value of products and services need to be improved per unit of natural resources employed.* Hawken and Lovins, Natural Capitalism.<sup>20</sup>

NORTHERN-NESS provides us with internal networks and a configuration that conserves resources, so as to harness core competence and distribute resources evenly. Cultures in the northern quadrant have a need for effective systems, and thereby emphasise sustainability more than competitiveness. Most typically “northern” are the Scandinavian countries, though France and Germany, Austria and Switzerland as well as the Benelux countries, and parts of America, have strong elements of such. The rational, institutional, and competent “North” is epitomised by companies such as BMW or Nokia. In northern contexts, the depersonalised organisation takes precedence over the needs of the individual personality. Whereas “northern-ness” is negatively manifested as unsustainable bureaucracy, its positive expression is through SUSTAINABLE development.

For Trompenaars,<sup>21</sup> while rational management has *neutral* as opposed to emotional overtones, and is *sequential* rather than synchronous, on other dimensions such as achievement/ascription and individual/collective it is generally somewhere in the middle. Moreover, Peter Drucker’s approach

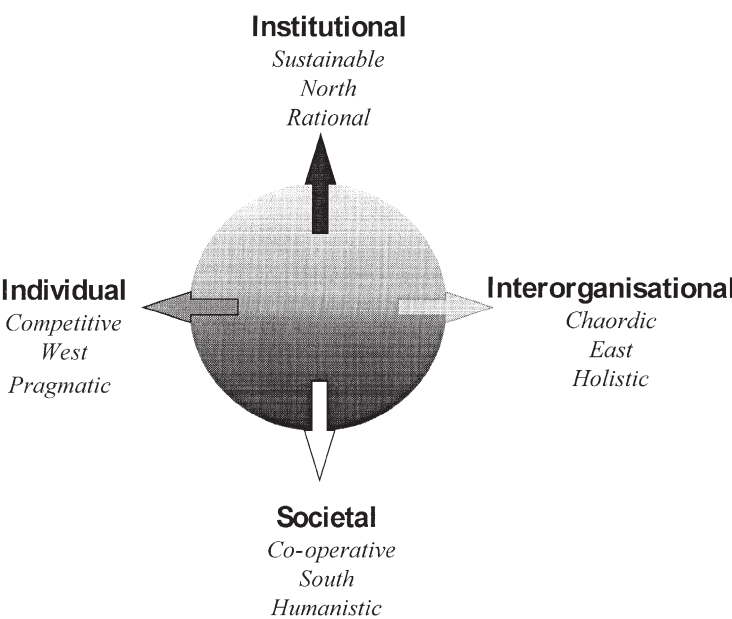


Figure 3. Managing in the four worlds

to planning and to management<sup>22</sup> epitomises this rational, principled and analytically-based “micro” orientation.

### **Holistic—chaordic: business ecosystems—eastern-ness**

*No single bank could do it. No hierarchical stock corporation could do it. No nation-state could do it. In fact no existing organization as yet conceived of could do it. It required a transcendental organization, linking together in wholly new ways an unimaginable complex of diverse institutions and individuals.*  
Dee Hock, *The Birth of the Chaordic Age*.<sup>23</sup>

Such was Dee Hock’s description of the birth of Visa, a global banking venture which now has sales of more than \$100 billion. *EASTERN-NESS* then destroys the boundaries between us, individually, organisationally or societally, and the world in which we live. Cultures and philosophies of the East, duly espoused by businessman–philosopher Hock, promote a dissolution of the individual, corporate or national ego through transcendent processes, rather than material structures, deleting the boundaries between person-and-institution as well as self-and-other. For Hock: “it’s about connections, massive changes in interconnectivity. Deeper than that, it’s about dissolution of the notion of boundaries between separate, connected things. It’s about relationships and growth; about all things growing from one another and everything growing from some indefinable *essence that is*; about all things being inseparably interrelated.”<sup>24</sup>

Holism then, on which such “Eastern-ness” is based, is rooted in the ancient Buddhist philosophies of China, India and Japan, in modern-day Germanic idealism and romanticism, and in the post-modern sciences of complexity. Dee Hock, as a student of all of these, defines his chaordic approach as involving “any self-organising, self-governing, adaptive, non-linear, complex organism, organisation, community or system whether physical, biological or social which harmoniously combines characteristics of both chaos and order”.<sup>25</sup>

Such business ecosystems,<sup>26</sup> epitomised by the Japanese “*kereitsu*”, therefore take pride of place here. While Boisot’s “fiefdoms” are a negative manifestation of the East (the dark side of the Korean conglomerate or *chaebol*), American management consultant James Moore sketches out its positive orientation, as “leadership and strategy in the age of business ecosystems”.<sup>27</sup>

Trompenaars gives us insight into such eastern distinctiveness. For him, an holistically-orientated culture like that of Japan, and to some extent Korea, Singapore and Taiwan, is particularist as opposed to universalist, outer rather than inner directed, as well as diffuse not specific in orientation, synchronous rather than sequential, ascriptive as opposed to achievement oriented, as well as being hierarchical, neutral and masculine. Overall, the whole before the part, the collective before the individual, as well as interdependence rather than independence, are all key.

## Humanistic—co-operative: business as community—southern-ness

*We invest money to buy plant, put up buildings, purchase materials and pay running expenses. The wealth created, however, is not driven by self interest, but rather serves as a reward and vote of confidence in us by society, for the services we render to it.* Albert Koopman, Transcultural Management.<sup>28</sup>

Albert Koopman was the founder of Cashbuild, a highly successful South African co-operative enterprise, which built upon what Koopman termed “the divine will of Africa”,<sup>29</sup> that is its communal culture. SOUTHERN-NESS, then, allows us to retain a living record of our evolution through the stories we tell, as has been the case with Koopman and Cashbuild. Cultures in indigenous southern worlds are based on shared values in which individual ownership and claims to land and capital do not traditionally exist (See Exhibit 1). There is a saying in southern Africa, “I am because you are”, which is identified as “Ubuntu”, and has recently been brought into management circles,<sup>30</sup> at least over there. The focus is on community specifically, and on society generally. In that context the Latin part of Europe, Latin America, Africa and, in part, and south-east Asia come into their own. The dysfunctional manifestations of “clan-ishness” though, often exacerbated through nepotism and corruption, conceal the functional expression of the south through community-orientated, or family-based, CO-OPERATIVE enterprise. Such dysfunction is born out of a lack of clear differentiation from, and some degree of integration with, the other three worlds.

A long-standing orientation to *spirit* and transformation in business is associated with America’s Harrison Owen.<sup>31</sup> The family, community, clan or tribe—as opposed to market or bureaucracy—now assumes pride of place. From Trompenaars’ perspective, emotion has a strong part to play in these “southern” worlds, combined with particularism, ascription, synchronicity and hierarchy. In managerial terms, southerners can be very parochial, on the one hand, but distinctly visionary or inspirational on the other. In fact Ricardo Semler of “Maverick”<sup>32</sup> fame from Brazil, is an exemplar of such a southern approach.

## The micro perspective

We now turn to the micro perspective of how organisations can employ specific models to orientate their internal processes to a “four worlds” framework. The models explored are the learning cycle, organisational learning and knowledge creation. Other models could equally have been identified as “four worlds” orientated but these three are complementary and provide powerful internal drivers for the evolution towards true organisational individuation at the strategic level.

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## Exhibit 1. Guardians of the Water World

The engagement of Anglian Water over the past five years with this “four worlds” model has led not only to a process of organisational learning but also to the enhancement of its transcultural orientation. This has had the most pronounced results to date in its New Zealand operations. In the latter part of the 1990s Phil Samways, who was in charge of transferring lessons learnt from one international operation to another, was responsible for business development in that country. After being exposed to the “four worlds” model, he realised that whereas the white New Zealand was “north-western” in orientation, the indigenous Maori was inherently “southern”. This had a huge impact on Anglian’s business as the indigenous peoples were convinced that the waterways were carriers of the “spirits of their ancestors”. As such, environmental concerns had to be to the fore. Having befriended members of the Maori community and come to know more about their “southern” communal and spiritual culture, Phil recast his definition of Anglian Water’s business in New Zealand in terms of the company becoming “a guardian of the water world”. Phil believes that this new “southern” frame of reference, especially given that the Maoris had a significant influence over government policy on water and sewage treatment, helped Anglian secure lucrative new business in that country.

A colleague of Phil’s, Steve Kaye, who works in innovation, has also used the model to good effect in dealing with his Anglian colleagues in Norway and Sweden. As a free-spirited, guitar-playing, inventive Brit, who had little time for bureaucracy, he at first dismissed his Scandinavian colleagues as “systems freaks” with no apparent creativity. After coming to terms with the four worlds, comparing and contrasting in this case the “west” with the “north”, he came to realise that freedom without order, enterprise without organisation, was inherently self limiting. After all, as he came to see, it is no accident that a tiny nation like Sweden has established such international organisations as ABB, Electrolux, Ikea and Volvo. Having keyed himself into a more “northern” orientation, Steve was able to work more effectively with the Scandinavians which in turn helped evolve the Norwegian part of the business in particular.

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## Four knowledge worlds

As a global knowledge-based economy develops, so the need to replace the materially-based factors of production—land, labour and capital—with knowledge-based ones becomes paramount. The four sources of knowledge cited in this paper—pragmatism, rationalism, holism, and humanism—provide us, at face value, with “know-how” that we sense, “know-what” about which we think, “know-why” that we deeply intuit, and “know-who” whereby we feel. However, it is not quite as straightforward as that.

## **“Eastern” tacit knowledge versus “western” explicit knowledge**

Nonaka and Takeuchi,<sup>33</sup> in introducing their “knowledge-creating company”, compare and contrast an “eastern” perspective, whereby knowledge creation is sourced by a dynamic human process of justifying personal belief towards the truth, from the “western” belief in knowledge accumulation as a depersonalised information-centred process. Such a western orientation in fact characterises the fast proliferating world of “knowledge management”.

While information in the “west” may simply be seen as a flow of messages, for the “eastern” Japanese, knowledge is created and organised by the flow of information, anchored in the commitment and beliefs of its holder. Therefore knowledge that can be expressed in words and numbers, as in balance sheets, databases or procedures, only represents the tip of the iceberg of possible knowledge.

For Michael Polanyi,<sup>34</sup> the 20th century European philosopher on whom Nonaka prolifically draws, knowledge can be classified into two categories. On the one hand explicit or codified knowledge refers to knowledge that is transmittable in formal, systematic language. On the other hand, tacit knowledge has a personal quality, hard to formalise or communicate. It is deeply rooted in action, commitment, and involvement.

## **“Southern” narrative knowledge versus “northern” definitive knowledge**

Whereas management thinkers Nonaka and Takeuchi enlighten us, via philosopher of science Michael Polanyi, on an east–west perspective on knowledge, we have to draw exclusively upon the work of another scientist and philosopher, David Peat,<sup>35</sup> for the north–south equivalent, because management thought has not quite caught up to it yet.

Indigenous societies locate their being and power not in “original sin” but in their “origin story”. As such, you cannot “give” or “pass on” knowledge to another person; rather each person learns for him or herself through the processes of growing up in contact with nature and society. Such narrative knowledge is a process which transforms the knower alongside the known. As such it is always rooted in the concrete, that is in the history of a person, a people or an organisation, in a journey each has taken and in the obligation to renew the compacts made with the world around them. The original “map” that such a “southerner” carries in his, her or its head is that of a particular place, within which are enfolded the rituals, ceremonies and histories of a people. As such, a “southerner” is never lost. His or her people have been around for hundreds if not thousands of years. In fact, until recently, that was key to the success of the Body Shop around the world, through its historically “original” line of products.

By way of contrast “northern” *definitive knowledge*, categorised

and compartmentalised, abstract and codified, can take place anywhere in the world, in a physical, economic or social laboratory. The knowledge it gives about the world is assumed to be objective, and “scientific”. Such a form of knowledge is detached, so that learning involves “looking at” the world, rather than engaging with, or transforming it. Progress, control and the accumulation of knowledge takes precedence over balance and renewal.

## From learning cycle to organisational learning

### Active experimentation—towards self mastery

An orientation towards what David Kolb<sup>36</sup> has termed “active experimentation”, in the pragmatic west to start with, focuses on materially influencing people and practically changing situations. It emphasises actual applications as opposed to reflective understanding. A pragmatist, therefore, is concerned with what works as opposed to what is absolute truth, thereby emphasising doing as opposed to thinking per se. Such western managers, and learners, are then willing to take risks in order to achieve their objectives (Figure 4).

Such a pragmatic-market-experiential orientation can be closely associated with project-based learning in general, and with action learning<sup>37</sup> in particular. Being closely aligned with individual achievement, and ultimately as it blends with other worlds towards self-actualisation, it resonates with the first attribute of Peter Senge’s<sup>38</sup> learning organisation, whereby individuals pursue self mastery. Its downside, of course, is a seat of the pants, reactive and “leap before you look” approach to people and things.

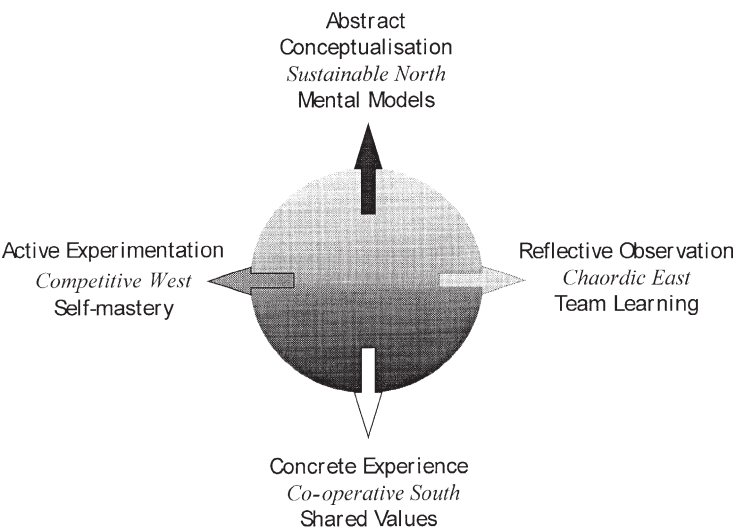


Figure 4. Four worlds of learning



### **Abstract conceptualisation—mental models**

An orientation towards abstract conceptualisation in the rational north focuses on using logic and theory. It thereby emphasises thinking as opposed to feeling; a concern with deductively building general theories as opposed to empirically apprehending specific events. The approach to problem solving then is more scientific than artistic or practical. Such a learner or manager is good at systematic planning, manipulation of abstract symbols and quantitative analysis. As such he or she values precision, the rigour and discipline of analysis. In recent guise, such capacity for abstraction has been reflected in an approach to “mental modelling”, which Peter Senge associates with his learning organisation. Such a rational-hierarchical-administrative, if not also systemic, orientation can be associated with the Gallic and indeed Nordic worlds in general, and with large-scale organisation in particular. The downside of this approach is its cold and calculating approach, degenerating into “paralysis through analysis”.

### **Reflective observation—team learning**

An orientation towards reflective observation, in the holistic east, focuses on understanding the meaning of ideas and situations by profoundly observing and meaningfully developing them in context. It emphasises emergent activity, as Ralph Stacey<sup>39</sup> has described, set within an evolving business ecosystem, as opposed to an immediately practical or methodical application within a single organisation. The concern here is with what emerges as fitting and beautiful, whereby order is realised “far-from-equilibrium” through chaos. There is also an emphasis on long-term evolution as opposed to immediate results. Managers with a reflective orientation enjoy intuiting the meaning of situations and ideas and are good at seeing their overall pattern, or implications. They also favour team learning, insofar as dialogue and connectivity is favoured over discussion and individuality. The downside of this holistic approach can be a love of complexity for its own sake, or pursuit of truth or beauty, without utility.

### **Concrete experience—shared values**

Finally, an orientation towards concrete experience in the humanistic south focuses on being involved in experiences and dealing with immediate human situations in a personal way. It emphasises feeling as opposed to thinking; a concern with the uniqueness and “storied” nature<sup>40</sup> of present reality as opposed to theories and generalisations. It involves an emotionally-orientated, “artistic” leaning as opposed to a systematic, scientific approach to problems. Managers with a concrete-experience orientation enjoy and are good at relating to others. They are often instinctive decision makers and function well in unstructured situations. The highly developed visionary leader in this “southern” respective is the one who can uplift hearts more than minds, in the context of developing a shared sense of vision and

value. The downside of this approach is its immersion in the concrete here and now, without any sense of overall perspective.

## **Organisational knowledge creation**

Whilst on the one hand knowledge creation has an eastern orientation at the macro level and utilises both western and eastern types of knowledge, its constituent phases are orientated along all four worlds at the micro level of activity. As we shall see, a knowledge-creating organisation is therefore well placed to make the macro transformation into a *four worlds organisation*.

## **Socialisation—southern**

In the first instance an informal community of social interaction, for Nonaka, provides an immediate forum for nurturing the emergent property of knowledge at each organisational level. This is the “southern” humanistic pole, incorporating altruism, empathy and a sense of reciprocity. Such tacit to tacit socialisation, moreover, relies on shared experience that enables members to “indwell” into others and to grasp their world from “inside”. This shared experience also facilitates contributing to the “common good”.

## **Externalisation—eastern**

Once mutual trust and a common implicit perspective has been formed through shared experience, the team needs to articulate the perspective through continuous dialogue. This process activates “externalisation”, from tacit to explicit, whereby participants engage in the mutual co-development of ideas. This constitutes a holistic “eastern” orientation. Such dialogue, moreover, should not be single faceted and deterministic but multifaceted, creating unity-in-variety. The emergent concepts, for Nonaka, then provide a basis of crystallisation, or knowledge combination.

## **Combination—northern**

The third mode of knowledge conversion involves the use of social processes to combine rationally different bodies of explicit knowledge held by individuals, through such exchange mechanisms as formal meetings, office memos and codes of conduct that are the stuff of traditionally-orientated bureaucracies. The reconfiguring of existing information, that is the sorting, adding, re-categorising and re-contextualising of such explicit knowledge can, at the same time, lead to new combinations of knowledge. Modern computer-based data processing systems provide a graphic example of such knowledge “combination”.

## Internalisation—western

In the conversion of explicit into tacit knowledge, finally, that is “internalisation”, action is important. We are now in the realm of “western” pragmatism. Individuals internalise knowledge, tacitly, through direct hands-on experience, thereby both reaching out for and holding on to what they have competed for, both internally and externally. Moreover, for explicit knowledge to become tacit it helps if the knowledge is verbalised or diagrammed into manuals, documents or stories, as any good consultant knows.

## Four worlds of learning and knowledge creation

We now turn to three organisations which have journeyed through the four worlds to varying degrees via learning and knowledge creation.

### Virgin Direct’s year of development

“You’re about to embark on a journey to the four worlds. It’s a journey that comes essentially from within. And it’s potentially the most rewarding journey you’ll ever take.” With these words Virgin Direct introduced its “Development Destinations” in 1998. Jayne-Anne Gadhia, the banking arm’s Managing Director, had in fact met up with the author while on a Management MBA and had been inspired by the “Four Worlds” perspective.

As someone who took naturally to enterprise (western) and to people (southern), she nevertheless recognised the importance of systems (northern) and of development (eastern). So when the time was ripe she instigated a development programme. In the internal brochure promoting the resulting individual and organisational learning, the company intimated that: *Heading West* involved improving profitability and organisational effectiveness, business focus and brand image; *Heading North* incorporated systems and procedures, inclusive of structure and control, documentation, checks and procedures; *Heading East* involved empathy and self awareness, leading to creativity, innovation and lateral thinking; finally, *Heading South* meant strengthening the community, project management, teamwork and implementing projects through people.

Development Destinations was in fact launched through a series of one-day workshops in 1998, orchestrated by Jayne Anne and supported by the author. In the final analysis much fun was had, many a new business project was launched (in keeping with the macro western perspective of the business), work was done in the local community (although not sustained enough to be southern), and efficiency measures were installed (a move towards a more northern orientation). People did literally travel west, north, east and south on Virgin Airlines though, for the time being, Virgin Direct’s business is still restricted to the UK. The orientation in this case, as with Anglian Water’s Transformation Journey as we shall see, was more explicitly towards

enhancing individual and organisational learning than towards promoting cultural sensitivity.

### **Anglian Water's transformation journey**

Some three years previously, in 1995, Anglian Water had launched its "Transformation Journey", which was subsequently taken by some 2,000 of its employees. In fact the results have been written up in a well known HBS case study on Anglian Water as a learning organisation.<sup>41</sup>

Over the course of the 1990s Anglian Water had been privatised and expanded into international markets. Having embarked on his own top team development through the Four Worlds, the CEO at the time, Alan Smith, reckoned that Anglian's workforce as whole would benefit from such action learning. Groups of fellow travellers, from throughout the business were formed, so that over 18 months and on three "expeditions" or projects, they would travel metaphorically "westwards" to improve the bottom line; "northwards" to develop the organisation's effectiveness; "eastwards" to foster the co-development of ideas; and "southwards" to advance the public health of nations, through community development. The Journey, in fact, has had a major impact on the culture of the company, and on its brand image as a learning organisation.

On the one hand, the "four worlds" approach exposed the "travellers" on their Journey, in similar vein to Kolb's learning cycle, to the importance of abstract theory (northern) as well as concrete experience (southern), action (western) as well as to reflection (eastern). On the other hand, the balance of the organisation's overall learning was enhanced by the complementary focus on systems orientated as well as community based, business orientated as well as environmentally based projects. In the event, and by 1999, the Journey had been more successful in fostering "southern" socialisation (community building) and "eastern" externalisation (self development) than in promoting "northern" combination (organisational effectiveness) and "western" internalisation (business benefit). As a result, at the start of 2000, Anglian Water was resurrecting the Transformation Journey in new guise, this time focused on the sustained development of both the business's leadership (western) and of the organisation's effectiveness (northern) albeit in the context of the immediate community (southern) and its immersion in the natural environment (eastern).

### **Blue Knight—knowledge creation at Surrey Police**

While Virgin Direct and Anglian Water deployed the Four Worlds model to enhance their approach to individual and organisational learning, Surrey Police used it retrospectively to explain its approach to the development of "Neighbourhood Policing" and the four worlds transformation of its strategy that

accompanied this model of policing. From the outset, in the wake of the Brixton riots in the mid-1980s—when a significant part of the black population of south-east London expressed its anger at the conduct of the local police—one Ian Beckett started to come into his own as a would-be knowledge creator.

### **Southern socialisation**

Beckett, who had been based at London’s Metropolitan police force, had teamed up with his colleague James Hart, to do first an undergraduate degree, involving a joint project, and ultimately a PhD, as both were serving together in the force. While Beckett focused on social psychology and Hart on general systems theory, both were preoccupied with ways of transforming the police into a more effective community-orientated body, so that events such as the Brixton riots could be avoided in the future. Through the course of their shared research and development activities they worked with the local Brixton community. They were also joined by colleagues, two of whom later participated in our Management MBA, which was underpinned by the “four worlds” philosophy.

### **Eastern externalisation**

The intense process of socialisation—both between Beckett and Hart and several other kindred spirits, and also between themselves and the local community—led to more overtly knowledge creating initiatives. Beckett immersed himself in his personal and social history, such as having been appalled by the amount of bullying he came across at school, and came up with the metaphor of the *Blue Knight*. This was a guardian of the peace, in general terms, and specifically drew on the mythology of the Arthurian knights of the round table on the one hand, and the “blue uniform” of the British police on the other. Beckett’s process of origination was to externalise the historically embedded notion of knightly guardians, and create an explicit philosophy of policing based upon it, which came to be called “Neighbourhood Policing”.

### **Northern combination**

Such an approach, now associated with the Surrey Police where Beckett and Hart came to be based, involved a combination of peace making, peace keeping and peace building activities on a strictly localised basis. To achieve such a combination of “slow time” (proactive) and “fast time” (reactive) activities, the overall conceptual approach was embodied in specific computerised information systems that helped to categorise the different types of policing activity and formulate planned “menus” of proactive operations and tasks. These “menus” helped ensure that proper attention was paid to this previously “second-class” activity.

## Western internalisation

These systems were updated and made more user friendly by one of the Surrey Police students—what Nonaka would term a “knowledge engineer”, on our Management MBA programme. It had become apparent by the late 1990s that much of Beckett’s work was not being internalised very well. Therefore, Beckett, in collaboration with his Head of Employee Development, Andrew Thompson, initiated a programme of learning. This resulted in two sets of Management MBA students and one set of Transformation Management “knowledge engineers” at Surrey Police embarking on their own journey across the “Four Worlds” in order to intellectually orientate themselves with Beckett’s work and to take it forward practically.

Through such a combination of “southern” socialisation initiated by Beckett and Hart and subsequently developed by a self-organising group, “eastern” externalisation led by Beckett historically aligned with arthurian legend, “northern” combination and “western” internalisation undertaken by the masters students, the “neighbourhood policing” approach lives on.

As a result, “Neighbourhood Policing” also represents a macro orientation to the four worlds. Its systematic approach to policing and society, represented by both its policing “menus” and a clear ethical code of operation to support officers in applying their discretion, exhibited a strong northern orientation. The knowledge creating process itself gave Surrey Police an eastern dimension. The importance of community partnerships and the later adoption of a Maori form of restorative justice provided the southern orientation. Finally, the more controversial work of Beckett to sell Surrey’s expertise and systems to other police forces around the world gave it an enterprising western characteristic. The overall effect was year-on-year reduction in reported crime over five years until Surrey had one of the lowest levels of crime in the country.

## Conclusion

For Dee Hock, there is something profoundly wrong in today’s business world. “We now live in a world of such complexity and diversity that there is little possibility of achieving constructive, sustained governance with existing concepts of organisation. People everywhere are growing desperate for a renewed sense of community. Shared purpose and principles leading to new concepts of self-governance at multiple scales, from the individual to the global, have therefore become essential”.<sup>42</sup> In terms of the “four worlds”, from a macro perspective, the exclusively competitive “western” business ethic is now hopelessly obsolete. As such it needs to be replaced by a cosmopolitan ethic enacted by a transcultural business world: made up first of COMPETITIVE, “western” *enterprise*; secondly of SUSTAINABLE “northern” *institutions*; thirdly of CHAORDIC “eastern” *business ecosystems*; and finally CO-OPERATIVE southern *community*. Such a psychological and philosophical totality would accommodate

Ronnie Lessem acknowledges the important contribution of his colleague Andrew Thompson who helped rewrite the paper and clarify some of the ideas.

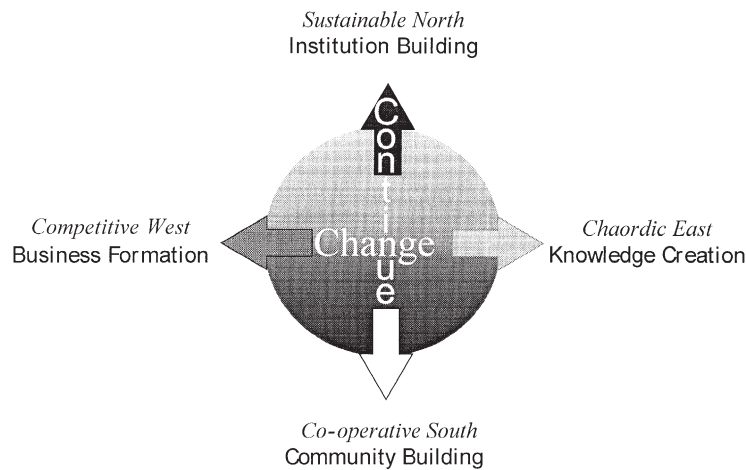


Figure 5. Continuity and change

sensing, intuiting, thinking and feeling—on the one hand, and pragmatism, rationalism, holism and humanism—on the other. Moreover, from a micro perspective, to the extent that businesses actively experiment and successively internalise ideas; abstractly conceptualise and combine knowledge and information; reflectively observe and externalise deeply intuited insights and strategies; concretely experience and warmly socialise together, so such an external transformation is more likely to be internally realised.

The problem is that in terms of the “four worlds”,<sup>43</sup> the dynamic business axis, which spans the east–west (see below) has raced ahead of the organisationally stabilising north–south. So, as Hock has pointed out, institution (north) and community (south) building has fallen way behind business (west) formation and knowledge (east) creation. Therefore paradoxically, the great strategic problem of our age, it would seem, is not managing change (competitive/chaordic). Rather it is establishing cultural and psychological continuity (sustainable/co-operative) (Figure 5).

To succeed in that respect we need to develop transcultural worldviews, serving to transform our philosophies and strategies so they become competitively western, chaordically eastern, sustainably northern, and co-operatively southern in turn—and thereby to develop an individuated organisation. Hopefully, in this paper, we might have helped readers take the first steps in such a journey.

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