

Conversation with Charles Handy

C. Otto Scharmer

*Charles Handy is one of the world's best known authors and lecturers on management, change, capitalism, and society. He has been an oil executive, a business economist, a Professor at the London Business School, and Chairman of the Royal Society of Arts. Hyped as a "management guru," Charles Handy, a Fellow of the London Business School, can be more aptly regarded as a philosopher for our modern age. His books have sold millions of copies world-wide. In his most recent book, *The Hungry Spirit* (published by Broadway Books), Handy explores more of the issues covered in this interview. Other books include *The Age of Unreason* and *The Age of Paradox*, both published by Harvard Business School Press. He and his wife, Elizabeth, a portrait photographer, live in London, Norfolk, and Tuscany. Elizabeth Handy, Charles Handy's wife, joined the conversation and commented from time to time. Conducted in 1996, the conversation was part of a worldwide interview project with 25 eminent thinkers in leadership and management, sponsored and co-developed by McKinsey & Company. The conversation took place at the MIT Center for Organizational Learning, Cambridge, MA.*



Charles Handy

C. Otto Scharmer: Professor Charles Handy, what underlying questions does your work address?

Charles Handy: Well, I think I am trying to help people understand how the world around them is changing. I am not a futurologist, I am not trying to predict. I really am looking at the way I think things are evolving in the world, which is a bigger question than just organizations. It has to do with societies, it has to do with values, and it has to do with individuals as well. But a key part of that is what is happening to organizations and how they are going to have to adapt or respond to a very different world that I see coming up.

One of the big questions that interests me at the moment is: Why do organizations exist? What are they for? Who are they for? What does success mean? When you say, "It is a great organization," what does that mean? I am interested in trying to see the relationship between individuals and the organization. Is an individual in some sense owned by the organization or is the organization just a collection of independent individuals? What rights do the individuals have against the organization, and what rights does the organization have? If you say, "An organization has to respond," what does that mean? Does it mean that the individuals in the organization have to change or does it mean that they are just a structure and the organization has to change and the direction of the organization has to change? So, these are the sorts of questions.

I really believe that if we are going to make sense of the future and make the future work better for us in all respects, we have to understand what is going on around us. So, my books are not research-based: They are suggestions. And I know that suggestions are useful only if people say, "Aha! I recognize what you are talking about. I see that now in what is around me." So, I am trying to conceptualize, I suppose, people's half-understood feelings. And in order to do my work, I have to meet with organizations. I have to talk to people, and then I have to read—not always books about organizations, but biographies, histories, and things like that. I am looking for ways to interpret the world as it is going on and as I think it is.



C. Otto Scharmer

COS: On the one hand, you just said, “We have to understand what is going on,” and on the other hand, in your more recent writings, you point out that it is not possible to understand what is going on. So, how do these relate to each other?

Charles Handy: Well, I think you can somehow make sense of much that is going on, but then you have to make up your own mind, and each organization has to make up its own mind. The good thing about this rather more chaotic world that we are entering into is that it allows a lot of freedom, both for individuals and for organizations to take control of their own destiny. And that means that they have the responsibility to work out the future they want. So, what I mean by understanding is understanding the chaotic nature of the world. It is not fixed, it is not programmed, it is not laid down that it will evolve in a particular way. We can shape it; we can change it. It is that kind of understanding, the understanding of why it is like that. The piece of paper is blank, you can write on it what you want.

I suppose I try to suggest some of the things that people might write on the paper, some of the aims they might have in life, but I can’t tell them which is right and which is wrong. I have argued, for instance, that in general I think organizations should strive to last forever—that it should be their attempt to be immortal. They will probably not succeed, but one of the interesting things that is given to institutions but not to human beings is that they can last forever—at least for hundreds of years. The college I went to at Oxford is 670 years old. That is close to immortality.

COS: But isn’t that a little bit of the Western way of religious conceptualization, so that you strive for eternal life rather than the more cyclical approach, which could mean to have a rebirth or to have several lives within one institution?

Charles Handy: You could interpret this in different ways. I would argue that in order to be immortal you have to re-create yourself all the time. So, you can say that is a form of reincarnation.

COS: I see.

Charles Handy: The same soul goes on, only in different bodies. This is a dangerous way of thinking, because it would say that you must allow yourself to die, whereas I think that if you want an organization to thrive, the aim should be to stay alive. But in the *process* you will have to change dramatically every so often. I mean, my college at Oxford is in no way the same. Some of the buildings are the same, but what goes on there is quite different.

COS: So, you think just the other way around: that the institutional body remains the same but that the soul is changing or transforming.

Charles Handy: Mitsui has lasted 600 years. It has changed its nature dramatically, but its name remains the same. They say that the essence has stayed the same. At any one time, it is the will to preserve the essence of the organization that people are striving for. What they do with that essence—the actual outward form, the products they sell, the processes they use, people—those can change. I am not sure if I can distinguish which is the soul and which is the body. But, what I am sure of is that if you don’t strive to keep something alive, then it is too easy to give up. It is too easy to treat it as a temporary phenomenon, a piece of property that you want to develop and sell.

The organizations that I admire are the ones that have managed to change radically and managed to stay alive...a paradox. In order for us to do that—to change, to survive, to last beyond the grave—you have to be profitable, you have to generate money, and you have to keep your financiers happy. You have to keep your customers happy. You have to generate new products. You probably have to change the structure quite often to make new alliances, to grow, or to shrink. All these things have to happen. So, to stay the same, you have to change. This is the interesting dilemma and a very important one. Think about it: If you keep mending your sock until none of the original sock is still there, is it still the same sock? Most people would say yes, because it has been such a continuous process.

Certainly the reason that you mend the sock is that you want the sock to survive. And the reason you change the organization is that you want the organization to live on.

Elizabeth Handy: And it is really for the people that the organization continues?

Charles Handy: Well, that is a very good question. I mean, in the American ideology of capitalism, it is not for the people in the organization; it is for their financiers. That will not be enough to sustain the organization, because the easy way to satisfy the financiers is to sell the organization. So, it is rather like my sock: You mend the sock to keep the sock going. Even at the end, when you changed it so often that it is not the same sock, still in a way, it is the same sock. But, you wouldn't bother to mend the sock unless you wanted to go on using that sock—you would just throw it away. So, the whole motivation for change, it seems to me, and therefore for learning, development, and growth, is that we want to continue as long as possible.

COS: With regard to the big question you mentioned—why do organizations exist? what are they for? who are they for?—what are your key findings?

Charles Handy: Well, findings is not the kind of word that you can really use to describe what I do. Suggestions is as far as I would actually go.

COS: Okay.

Charles Handy: The suggestion that business organizations are essentially the property of the shareholders and that the shareholders are the people who have paid the money for them is the kind of understanding that underpins Anglo-American capitalism. I do not think that that is a sustainable concept of the organization, and I have suggested that it is nowadays much more sensible to regard organizations as living communities of people, because the principal assets of a modern business organization are literally its people. This was not so a long time ago. The principle assets were bricks and mortar or machines or boat or materials of some sort, and you hired people to make them work for you. But now, the physical assets are perhaps one-tenth of the value of the company.

So, if organizations are communities, then it is wrong to regard communities of living people as being owned by anybody. Let's talk the right sort of language: People don't own other people in a modern democratic society. If this suggestion is taken seriously, it again raises big questions about the relationship between the stockholders and the employees.

COS: And other stakeholders.

Charles Handy: And other stakeholders, but those are the principal ones that are affected. The employees have to be given more rights, and the stockholders have to have less power, because the stockholders are not particularly interested in this community living forever. They are only interested, really, in making money out of it or at least getting their money back. Some of the research says that the stockholders do actually take a longer term view than people think, but I still don't think they are particularly concerned with the existence of the organization beyond 5 or 10 years, maybe. Even the employees of a community don't really look much beyond the grave. They really, really want the company to exist as long as their lifetime in that community. I think that it has to be a much longer term view than that, actually, to give the company the drive that I think you need for learning, adaptation, and long-term investment.

COS: So, what would such a constitutional foundation actually look like?

Charles Handy: It would be a constitution based on a set of rights. I am arguing that the financiers have certain rights. They would be rights equivalent to people who hold a

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mortgage on your house. They are entitled to a rate of return, and if you do not pay them that rate of return or if the value of the house sinks below or gets close to the value of the money they gave you, then they are entitled to move in and sell the house. But, just because the house is getting more expensive, worth more money, they cannot step in and sell the house and take the property.

COS: Okay.

Charles Handy: Similarly, the members of the community have certain rights. They, as individuals, as assets, cannot be sold to someone else without their consent. So, mergers by agreement are possible, takeovers by agreement are possible—but no forced takeovers. Members' rights do not extend to having a lifetime of work with the organization; that has to be by contract. But, the contracts would probably be for 10 or 15 years or something like that. Within those contracts, they have other rights. I think they have a right to share in the rewards of working for the organization, the profits of the organization—again, to be negotiated. In return, they have responsibilities, which essentially are to keep the organization well positioned for eternal life. They have the responsibility not to get rid of all its assets: not to squander its money, not to squander the resources of its people. They have to keep bringing new people in, keep developing the talents of the organization so that they can hand on the bat, the trusteeship of the organization, to the next generation. They have that responsibility. So, these things can be defined constitutionally, or should be.

COS: Who would be the owner of such a—

Charles Handy: There would be no owner.

COS: There would be no owner?

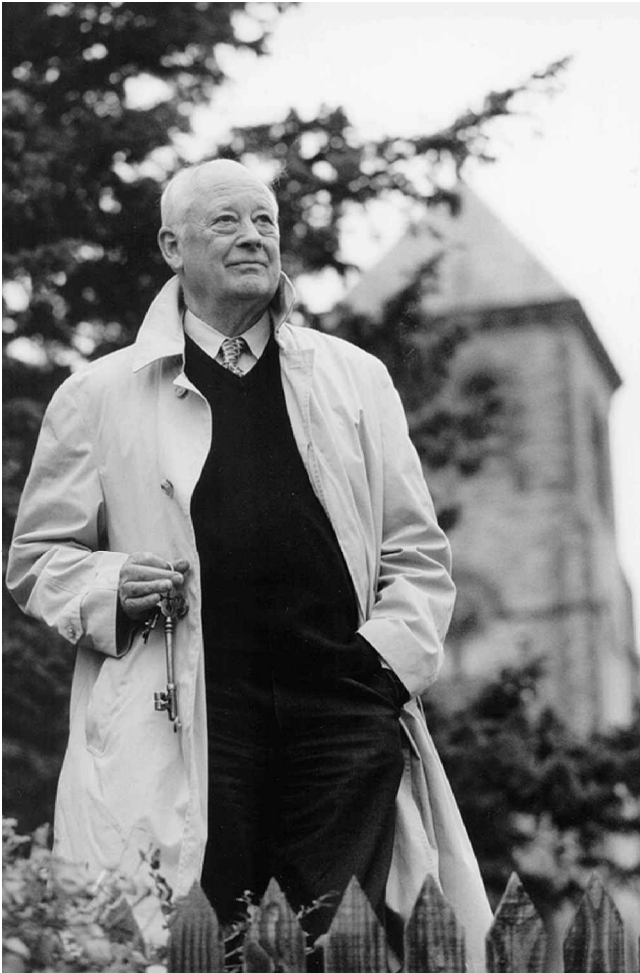
Charles Handy: The word does not apply. No one owns a country. No one owns a town.

COS: So, it would be a community asset.

Charles Handy: It is a different mind-set. I am not looking at the organization as a piece of property. Clearly, the assets are owned by the organization, like the buildings, but the research and the intellectual properties are owned by the organization and not owned by any set of individuals. It doesn't need to be. So, rather than thinking of the stockholders as owning it, they have provided money and they have rights in return. It is a different way of talking about it. It is a different conceptualization. Actually, this is the only real motivation there is for continual change, development, growth, and learning. Otherwise, it will always be expedient, something that is profitable for me and useful for the organization in the short-term. The thrust has to be because it is long-term, and I think that the organization should believe this.

COS: If a company is not something you buy and sell, what implications does this have for the concept of having employees whom you pay? Doesn't that mean that the concept of employee is to be rethought in terms of becoming more an entrepreneur and sharing the outcomes?

Charles Handy: Yes, more like a partner. They get a salary, as if it were, an advance on their share of the added value of the organization, and if the advance is not enough, they



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will get a little more at the end—a bonus. Yes, they are partners. I call them *members*. I don't like the word *employee*; that implies that they are employed by someone.

COS: And you are saying they're not employed by anyone.

Charles Handy: Yes, they have entered into a voluntary agreement to work and to increase the added value of this organization. They receive a monthly payment in advance of that. If you want to get into more of the implications for practical things, I am not saying that this membership or partnership status is given to everyone. You have to have been around for a bit to have shown your worth to the organization, to be valued by them, to be committed to it, and then you become a member. So, the numbers in the core of the organization who are effectively members or partners is really relatively small, and much of the organization's work is then delivered to it by smaller organizations, who also have partners, plus outside individuals who are called in and part-time workers who do not have the status of members.

And that is what you begin to see happening. They don't call it that yet, but they are giving more and more people a share of the bonuses. They are giving more and more people stock option schemes. They are effectively creating membership mechanisms. And what I am doing is conceptualizing what they are aiming for, though they don't know it. And I am saying that the stock exchange is becoming more and more of a betting ring in which you don't really own when you buy a share—you are not really buying a share of the ownership. You are really taking a bet that this organization is going to do well, and your bet will be worth more money in 10 years' time.

COS: Do you see any structural changes in regard to the company-customer and the company-community relationships?

Charles Handy: The customers: I don't see much need for change, because it is self-correcting. If you don't take proper account of your customers, they will leave you. So, customers have rights built into the market contract. They don't need to be represented in any formal sense inside the company. Their views should always be dominant, because without customers there is no point in going on if we're talking about a business or, indeed, a hospital or school for that matter. I think the same applies to suppliers. If you are sensible, you will make sure that their interests are aligned with your interests.

The surrounding community is a more debatable point. I would argue that if an organization sees itself as lasting for 100 years and it really believes that or wants to last for 100 years, it will take an interest in its surrounding community. I mean, longevity—the lure, the desire to be immortal—makes you take it seriously. If you are only going to live in a house for 3 years, you won't really care about the local schools. If you are going to make your life there and you want your children to live there, you will take it more seriously. So again, if we adapt this view that we last forever, these things self-correct.

COS: In rethinking what organizations are all about, new structures or new realities emerge in regard to relationships between organizations. So, how can different types of organizations, like family firms, small or medium-sized companies, survive along with giants?

Charles Handy: Well, I think the interesting thing is that these days small things can do very well, provided they are linked into big things. The richest country in Europe is Liechtenstein; the second richest is Luxembourg.

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COS: Yes, good point.

Charles Handy: They have survived because they have a cohesion, but in a bigger context. Quebec, if it had separated from the Canadian federation, would actually have done very well in my view, because they would have negotiated a looser relationship with the Canadian federation, and the cohesiveness of being a Quebecois would have given them a new energy, and so on.

So, what is happening, it seems to me, is that organizations are looking for the kind

of cohesiveness and energy and excitement that you get from being small, but also wanting the great benefits of being large. And really, it is this that drives my concept of federalism as being the appropriate business model and societal model. I do actually think that federalism is a way of allowing small things to ride on the back of big things so that everybody benefits. Federalism is a negotiated arrangement that is centralized, in some respects, decentralized in other respects. It is both-and. In what respects it should be centralized and in what respect it is decentralized has to be negotiated.

COS: So you see federalism not only as a concept for organizing within corporations but also as a concept for organizing between corporations.

Charles Handy: Oh, absolutely. Federalism basically arises because separate organizations wish to organize together. In order to get back to where they were or should have been, organizations have to dismantle themselves into federalism. And that proves very difficult to do, because it is moving from monarchy or centralized rule to a much more dispersed system of power. And no monarch willingly gives away power.

COS: Unless they are named Gorbachev.

Charles Handy: Unless they are named Gorbachev, facing disintegration; or unless they are, as Gorbachev would claim, visionary; or unless they are effectively about to fall apart anyway and clinging onto something. But the normal way the federations arise is that small states come together and say, “We need each other.” And so, I really see federalism as the appropriate mechanism for small organizations to actually organize, as you say, between organizations.

COS: Couldn’t that be a confederation, rather than a federation?

Charles Handy: A confederation is not enough in my view. A confederation is a voluntary association with no center, so it has its uses, but it falls apart under any kind of attack. Federation is a system in which the individual states have actually granted certain powers to the center.

In a business situation, the ultimate power resides in these small organizations only if they have yielded power into the center. They don’t want to break away, because then they lose the advantages of bigness, but if the center is too overpowering, it pulls things too much. But yes, you’re absolutely right. The difference between a confederation and a federation is crucial, and I am not saying that confederations are much use; it is the federations.

COS: The concept of federalism has two main structural components. One is the vertical dimension, where the concept of subsidiarity is applied, and the other one is in that more horizontal dimension, where you are arguing for a differentiation between different functions, like the legislative, the executive, and the judicial function. I would be particularly interested in the latter dimension, because it seems to me the most crucial one and it is not really conceptualized in our current institutions.

Charles Handy: Well, it is very important. Federalism is about a balance of power, always, between the center and the parts. And it is all about the parts giving authority to the center to do things. Therefore, it is very important that you separate out these functions. For instance, the legislature—let’s call it, for businesses, the policy-making body—has to be done by a body that is representative of the parts. Of course, the actual policies are drafted and put up, posed as possibilities by an executive, but in the end the decisions on policy have to be taken by a representative body. Now, that body is representative of the member states, it is not representative of the shareholders. So, I am not talking about the board; the board is something else again.

COS: That would essentially be a completely new institution.

Charles Handy: Well, in some cases, it’s already there in a management team, if the man-

agement team is made up of the heads of the main operating units. In some cases, it would be new but, in many cases, it exists as an informal arrangement. Businesses call together a strategic conference once a year, they bring together the top 300 people in the organization, and they outline their strategy ideas. This is an informal sounding arrangement. I would like to formalize it, because the important thing is that states own the policies, psychologically own them, because they contributed to the decision. Only then can the executive carry these things out, only then can the executive really operate efficiently. If it is an imposed strategy by the executive on the constituent bodies, as it is often at the moment, there is endless trouble, really.

And then there is the judicial function: This is what you might call the inspectorate. Think of the people who actually see that things are done as they should be done. That if we say that we are an ethical corporation, we are. If we say that we maintain these kinds of qualities, we do. If we say that we pay people in a sort of way, we do. It is a small body, but it should again be independent.

In a monarchy, to get power you concentrate all these three functions in one person. So, you make the policy, you carry it out, and you check the stuff. That is too much concentration of power. In the federal system, the individual organizations will not give that much power to the center. The center doesn't like giving these things away, but if they exist, they have to. And you may have a board of outside people representing the shareholders, to make sure that their interests are looked after.

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COS: Which of the functions you described would that be?

Charles Handy: It would be different. The board is not necessary, in my view, because the market should automatically take care of that. The share price goes down, etc. At the moment, it seems to me that the structures of capitalism are inefficient. The board is supposed to take the long-term policies, but the board is supposed to represent the shareholders, and the shareholders are interested in their medium-term earnings per share. So, I don't think they are the right body to take the decisions for the whole community. And the executive at the moment is supposed to be the servant of the board (i.e., the servant of the shareholder), and that doesn't seem to be the right relationship.

COS: And the right relationship would be servants to—

Charles Handy: To the policy-making body, which is the representative body of all the states.

COS: And then the executives would be elected by that body?

Charles Handy: Appointed.

COS: Do you see, then, each individual performing only one of the three roles you described? Or do you see this as three parallel action spaces, and each individual could play in one, two, or even in all three of these arenas?

Charles Handy: Well, to some extent, it is parallel action spaces. For instance, one member of one of the states could be a member of the inspectorate, as I call it, or the judicial review body. But, if somebody is a member of all three, that makes him too powerful. The thing is to spread power around, but concentrating the actual execution of that power in small, compact teams in the center and then in the individual states. Unless the individual business units get involved in the general policy making, they will in the end drift away or find other federations to go to if they don't have some power.

COS: This is a crucial point, isn't it? Does it affect whether or not there is a rule for exiting the federation?

Charles Handy: Well, you can have rules, but if you can't enforce them, they are not

much use. There are five elements to federalism and we have talked about two: subsidiarity (responsibility at the lowest point) and the separation of functions at the center. But there are three more, of which perhaps the most important is interdependence. The way you hold parts, the individual states, into the whole is not just through a contractual constitution but because they would not survive very easily outside. Several of the functions that they need in order to perform effectively are done by other members of the federation. We can't actually take Massachusetts out of the United States, because the state needs the corn grown in Kansas or financial operations on Wall Street or whatever. There is an interdependence, and it is very important to structure that in. There is a coordinating device which insures that no one particular business unit could do it all by itself. Of course, there are also inefficiencies in coordinating, but it does mean that it is more difficult to break away, unless there's another federation that also has those same coordinating devices. But not only does that stop breakaways; it also means that you feel that you have to invest in the total federation, because you get something from it as well as giving something to it. This is this other idea of twin citizenship. You have this emotional commitment to your individual unit, but you also have an emotional commitment to the whole federation.

COS: The last issue that I would like to address involves both the concept of paradox and how to deal with paradoxes and the concepts of the multiple cultures, as you argued for in *Gods of Management*. You described four different modes of doing things or four different modes of cultures, and it is very intriguing to me, seeing how they emerge and re-emerge in different relationships and different realities. What is the underlying concept that makes the integration of these diverse concepts possible?

Charles Handy: While I think they are related, I think there are two different issues. I don't think I have dealt with the question of paradox as well as I would like. What I am trying to say is that there is almost a necessity of contradictions in life. In order to have black, you have to have white. Otherwise, it doesn't seem like black.

COS: And otherwise you don't get color.

Charles Handy: You don't get color. Leisure has no meaning unless there is also work or effort. Valleys don't exist unless there are hills. There is a logical necessity for opposites or contradictions in life. And that applies throughout. We are used to it in the examples I have just given. We have learned to live with black and white, even if we don't like black. But we don't seem to have learned to live with that in the rest of the world. I'm trying to say that in organizations, it is both-and, not either-or.

We have created an ideal form or organization whereby we say we can have, for instance, total control in the center, and you can be an individual. People say, "Well, that's not possible. If you control, obviously you don't trust me." I'm saying, obviously you can, but you have got to live with the seesaw. You have got to live with the fact that one time you need control and sacrifice your freedom, and another time you need the freedom and sacrifice some control. Life is always like that. I think we have got to train people to live with what looks like confusion but is actually the necessity to alternate between valleys and hills all the time. You really can't have both at the same time, but you can have both in the same field.

COS: I see.

Charles Handy: I don't think I explained it very well in the book, but it seems to be very important: that you can have a very strong leader and very strong individuals. You probably have the two, not at the same time, but in the same place or the same field. But at the same time, they fight against each other. So, sometimes the leadership has to actually let the individuals be strong. To some extent, that applies in the same way to the *Gods of Management*, which I think is one of my most neglected books in America. I am very fond of that book. It has the seeds of all of my other books in it, really. I am fond of it because I think it helps people to understand the confusions of organizations quite

well. What I'm saying is that there are four very distinct cultures or styles, management, or organization that you can find pure examples of anywhere, really. And the reality is that they are all there at the same time. To be more accurate—in the same organization in the same field.

COS: Talking about your experience—the most crucial challenge probably is to make these different cultures talk with each other and understand each other and to make them have a dialog within companies.

Charles Handy: There are two. The first challenge is to make sure you have the right mix of cultures in the first place. The second is that they have to talk to each other and live with each other. I guess the whole underlying theme of my work is that if you understand differences, you can behave more appropriately. If you understand, you feel less confusion; if you understand, you feel less stress; if you understand, you can moderate your own behavior. If I know what dress is expected of me in a situation, I can dress. A lot of great problems with our children, for instance, who wanted to express their individuality in their clothes when they were young teenagers, was getting them to understand that in certain occasions, it was more appropriate to dress like adults, even if they didn't like it. As they grew older, they began to understand that that wasn't actually denying their individuality, it was just that it would be easier for other people to accept them and for them to merge into the thing if they actually dressed in the right uniform. Understanding helped them change and adapt their behavior. This is what that book is all about: understanding and understanding differences. The paradox about understanding is the necessity of contradictions.

And I don't think understanding is enough. You have to do, and you have to reflect. We haven't talked about learning. Learning to me is experiment, it is curiosity, a question full of life. Learning is experiment followed by reflection. And in that process, you need ideas, you need concepts to explain, to experiment. And in my view, most organizations are about experiments but without the questions, without the reflection, without the ideas.

Somebody said that learning is experience understood in tranquility. So, you have to have the experience, and then you have to understand it. In order to understand it, you have to have the urge to understand it. You have to have the questions in your mind, the curiosity, and you have to have the ideas, the concepts that will explain it. And you have to have the time, the reflection, to do it.

The discovery is the whole process. Learning is discovery, isn't it? Discovery is curiosity, the stepping into the unknown, the experiment as well as the concepts and the time to understand that experiment. It is the whole process of putting the pieces together which is what I think is lacking in most organizations. The concepts are in a classroom somewhere or in a book; the experience is out there. The time for reflection is after retirement, and the curiosity perhaps never exists, because—

Elizabeth Handy: There is no time.

Charles Handy: What I am trying to do, I suppose, is to provide the ideas and, to some extent, the curiosity. If I can make my books interesting enough to read, people start to think. Now, there are concepts—and they use some but not others—which relate to their experience. What I can't provide them with, of course, is a sort of enclosed space for all these things to happen at once.



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Learning to me is experiment, it is curiosity, a question full of life.

COS: Let me ask you one more question, which is: How does federalism relate to learning?

Charles Handy: Well, let me take a step back. I think a federal organization is an ideal starting place for a learning organization, because it is not uniform. So, you can have a lot of different ways of doing things in the same organization; people are allowed to be different in many respects in a federal organization. They are coordinated in some respects, they have the same systems in many respects, but it is basically a coordinated set of experiments with all the different bits doing their different things. Now, you have to have curiosity to turn that from experiments into learning. People have to want to know what they are doing. You have to have concepts, and you have to have space for reflection, to think about it. Most federal organizations that I know don't provide any of these. Instead of curiosity, there is jealousy; instead of concepts, there are just presentations: "How we did it." But it is harder to create a healthy curiosity rather than envy and jealousy in a nonfederal organization. In a bureaucratic organization, experiments are not allowed because they disrupt the system; it is untidy. They reject it. So, if you have designed a federal organization in which you have created curiosity, a range of experiments, and a set of concepts which people can apply to explain the differences, that is learning.

COS: What are the most important questions for future research? What is relevant but unanswered?

Charles Handy: The big question for me now—and I think perhaps it has to do with my age as much as anything—is *why?* *Why do we work so hard? Why do we have these organizations at all? Why are you so interested in improving them? Why do you want to make them learning? Why am I living? Why am I working?*

You know, these are old questions, but it seems to me that if I am demanding of the people in organizations that they work hard, that they learn, that they plan to make the organization so good that it is worth handing onto the next generation, you have to know *why?* What is so important about this organization? And the answer that it is making money for the shareholders does not seem to justify people consuming their lives for their organization. There has to be a very good reason for people giving up their lives to organizations. There has to be a very good reason, and I am not sure what it is. And I think that until organizations find the answer to that, they will not have people learning as much as they should. And until societies can articulate what it is that is important about America, they will not hold the country together. People will get selfish.

Most of the organizations that I consider wonderful are not in business—and I can see why. And actually, the organizations that are wonderful will continue even if they are inefficient, even if they don't learn very well. I am sure The Red Cross will be here in 100 years time, or MIT. I think overriding all their learning and everything is that they have a reason, they have a mission, they know why they are here, and it is not just to earn salaries.

I used to send my students into all these different organizations, and they would go to banks and they would go to Ford, but they would also go to schools and to hospitals and to prisons and to all sorts of places. And they always came back, these business men, totally surprised and excited by places like hospitals, primary schools, kindergartens, because they found organizations that had a reason to exist, and people believed in that reason. And these organizations might be terribly inefficient, but people wanted to be there. And they would come away from businesses saying, "Well, it was very efficient, but there was no soul. People were there because they wanted to make money or because it satisfied their partners." Trying to explore *why* is what I am doing. It is research, it is thinking, it is suggestions. But I think in a way that it is more important than learning, if you want to have a great organization.

COS: Thank you very much.

Charles Handy: Thank you. It's been great for me.