

base of the pyramid, biomimicry, blended value organizations, blurring sectoral boundaries, cause-related marketing, chaordic organizations, civic enterprises, common good corporations, community development corporations, community indicators, community interest corporations, community relations, community wealth organizations, corporate accountability, corporate philanthropy, corporate social responsibility, cross-sectoral partnerships, democracy, double bottom line, employee ownership, engaged philanthropy, environmental sustainability, ethics, evolution

A NEW SECTOR OF ORGANIZATIONS AT THE INTERSECTION OF THE PUBLIC, PRIVATE, AND SOCIAL SECTORS

The Emerging Fourth Sector

of cooperation, faith-based enterprises, glocalization, kyosei, microfinance, mission-related investing, municipal enterprises, network governance, new profit companies, new public management, non-profit enterprises, privatization, program-related investment, public-benefit corporations, social assessment, social audit, social businesses, social economy enterprises, social enterprise, social entrepreneurship, social marketing, social return on investment, social venture, socially responsible investing, SR enterprises, stakeholder accountability, stakeholder governance, sustainability, sustainable development, sustainable enterprises, transparency, triple bottom line, trusteeship corporations, ubuntu, venture philanthropy

| Executive Summary |



Heerad Sabeti with the Fourth Sector Network Concept Working Group

Supported by The Aspen Institute and the W. K. Kellogg Foundation

The Emerging Fourth Sector

A NEW SECTOR OF
ORGANIZATIONS AT
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A Venn diagram consisting of three overlapping circles arranged in a triangular pattern. The top circle overlaps with the two bottom circles, and the two bottom circles overlap with each other. The central area where all three circles meet is shaded.

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About Fourth Sector Network

Since 1998, Fourth Sector Network (FSN) has been an expanding cross-sectoral, cross-disciplinary network of networks, enterprises, supportive organizations and individuals whose work contributes to the development of the Fourth Sector. As a network of collaboration, FSN is an enabling environment for the development of Fourth Sector enterprises and the infrastructure that supports them.

About The Aspen Institute

The Aspen Institute's **Program on Philanthropy and Social Innovation** seeks to inform and maximize the impact of grantmaking foundations, nonprofit organizations, social enterprises, and public-private partnerships through leadership development initiatives, convenings, and communications so that each can contribute to the good society at home and abroad. The Program's theory of change rests on the premise that if their leaders have clarity about their values, are collaborative in their approach to problem-solving, and are aware of the strategies and potential partnerships available to them, they are more likely to succeed in advancing the social good. **The Aspen Institute** mission is twofold: to foster values-based leadership, encouraging individuals to reflect on the ideals and ideas that define a good society, and to provide a neutral and balanced venue for discussing and acting on critical issues. The Aspen Institute does this primarily in four ways: seminars, young-leader fellowships around the globe, policy programs and public conferences and events. The Institute is based in Washington, DC, Aspen, Colorado, and on the Wye River on Maryland's Eastern Shore and has an international network of partners.

About The W.K. Kellogg Foundation

Established in 1930, the W.K. Kellogg Foundation supports children, families, and communities as they strengthen and create conditions that propel vulnerable children to achieve success as individuals and as contributors to the larger community and society. Grants are concentrated in the United States, Latin America and the Caribbean, and southern Africa.



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This paper is informed by a broad range of perspectives including business, non-profit, government, philanthropy, academia, community development, investment, communications, organizational behavior, law and others. The underlying spirit of this work is one of openness, collaboration and inclusiveness. The ideas contained here are known to many of us in one form or another and have been articulated in a variety of ways. They are not the sole domain of any single individual, organization or culture. The Emerging Fourth Sector represents a snapshot of an evolving concept and process. It is an organic document that over time will continue to develop with input and contributions from diverse points of view.

The concepts advanced in this paper have been made possible by the pioneering work of visionary leaders and practitioners who have been redefining the possibilities and transforming the nature of organizations throughout the world. Their ideas and practices are at the forefront of organizational design and social innovation and collectively point toward a vision of a possible future. Our goal is to present a coherent, unifying framework that can transform this vision into collaborative energy and action.

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An Evolving Organizational Landscape

The Building Blocks of Society

Organizations are the fundamental building blocks of society. Most human activity takes place through them: schools, churches, hospitals, grocery stores, governmental agencies, farms, homeless shelters, libraries are all organizations, created by people to meet different needs. At the highest level, three primary models dominate the organizational landscape of most developed economies: business, government, and non-profit—forming the private, public, and social sectors, respectively.

An organization is driven by its *stakeholders*—those who affect, and can be affected by, its actions. Every individual is at once a stakeholder of many organizations, and acting in that capacity, as taxpayers, employees, customers, investors, board members, voters, donors, and so on, people influence the behavior of those organizations on a daily basis.

The success of any organization is in large measure dependent on its ability to effectively engage and transact with its various stakeholders. This is the primary purpose behind the design of an organization. Through compensation and incentive structures, legal duties, governance architecture, ownership rights, and other aspects of their design, organizations are structured to motivate certain actions on the part of each of their stakeholders, and to restrict or discourage others.

Old Organizational Models in a New World

Organizations are products of human design, and as such they reflect the cultural norms, values, priorities and context out of which they are created. The mainstream organizational models we have today were designed at a time when the world was a very different place. Driving forces of rapid societal change—such as the globalization of commerce and culture, the proliferation and speed of information, and the evolution of technology and transport—have combined to create a new massively interdependent global culture and economy unlike anything seen before in history. As a result, individuals are better informed and have more choices in just about every aspect of their lives: what to buy, where to live, how to invest, what values to hold, and so forth, and they are better able to exert their values and preferences on the organizations with which they interact as

stakeholders. Organizations of all stripes are facing unprecedented pressures to adjust to these new circumstances.

Society today is confronted by a number of systemic challenges which are ultimately byproducts and unintended consequences of organizational design. As the spirit of free-market capitalism and the values associated with it—entrepreneurship, innovation, self-reliance—have permeated most economies, there have been tremendous social and economic leaps as well as costs. The quality of our natural environment has worsened sharply, and we are faced with the threat of climate change. Social capital has also declined as environmental challenges and economic and cultural globalization widen the disparity between rich and poor and disrupt local communities. Even though the years since the end of the Cold War have seen a rise in the number of democracies, much of the world's population still suffers from poverty, disenfranchisement and hopelessness—a recipe for crime, civil unrest and terrorism. We have witnessed how short-termism, corruption and greed threaten the security of our economic systems and the viability of our civic institutions. There is a growing recognition that these and other complex systemic problems are rooted in structural failures at the organizational level. Solving these problems requires new ways of thinking and acting on the part of individuals, along with new organizational designs that encourage stakeholder actions consistent with the long-term welfare of our ecological, economic, and social systems.

Amidst twenty-first century stakeholder demands and societal challenges, organizational structures are beginning to shift.

This paper is one part reportage and one part design, describing what is happening as well as what could happen. Stripped to its essentials, its thesis is as follows: a new class of organizations with the potential for generating immense economic, social, and environmental benefits is emerging—and this sector can be consciously developed and expanded through broad recognition and engagement.

The Blurring of Sectoral Boundaries

In recent decades, the boundaries between the private, public, and non-profit sectors have been blurring. Some businesses have been dedicating

more resources to delivering social and environmental benefits and to serving a broad variety of stakeholders beyond shareholders. Social Marketing, Sustainability, Corporate Social Responsibility, Community Investing and Green Businesses are examples of this trend (see Figure 1).

At the same time, some governmental and non-profit organizations have become more businesslike, adopting earned-income strategies and a market orientation. Social Entrepreneurship, Mission Related Investing, Municipal Enterprises, and Privatization are examples of these trends (see Figure 2).



Figure 1. Blurring Boundaries of the Private Sector



Figure 2. Blurring Boundaries of the Public and Social Sectors

An Emerging Fourth Sector

While the mission and method of many organizations in the business, government and non-profit sectors are becoming steadily more similar, closer examination of these trends reveals something more than simple blurring of the boundaries is occurring:

- **The Convergence of Organizations Toward a New Landscape** - A critical mass of organizations within the three sectors have been evolving—or converging—toward a fundamentally new organizational landscape

that integrates social purposes with business methods (see Figure 3).

- **The Emergence of Hybrid Organizations** - Pioneering organizations have emerged with new models for addressing societal challenges that blend attributes and strategies from all sectors. They are creating hybrid organizations that transcend the usual sectoral boundaries and that resist easy classification within the traditional three sectors (see Figure 3).

The two patterns of *convergence* and *emergence* signal the early formation of an entirely new organizational sector that integrates social purposes with business methods: a *Fourth Sector*.

Broadly speaking, what unifies all this organizational activity is a motivation to make the world a better place. We can see a Fourth Sector ethos at work in many kinds of organizations, from small local civil society institutions to publicly traded multinational enterprises.

- We can see it in nonprofits starting profit-making subsidiaries to carry on their mission, as in the Greyston Foundation's gourmet Greyston Bakery in Yonkers, New York, a social enterprise which employs the homeless.
- We can see it in hybrids like Grameen Danone Foods, a pioneering joint venture between the French dairy company Groupe Danone and the Grameen Group of social enterprises, which sells yogurt in Bangladesh with the goal of ensuring health through food for the largest number of people.
- We can see it in the unique origins of the UK-based Cafédirect – one of the largest Fair Trade hot drinks companies in the world – which was started by an unusual partnership of four organizations: the government-created Twin Trading, the worker cooperative Equal Exchange, the charity Oxfam, and the foundation-owned Traidcraft.
- And we can see it in a new breed of investor-owned for-profit companies like Interface, Inc., the world's largest manufacturer of modular carpet dedicated to becoming a fully sustainable company by 2020, eliminating any negative impact on the environment.

Constraints of Sectoral Boundaries

To function, organizations require a supportive ecosystem within which to operate – regulation, capital markets, technical assistance, standards, accounting systems and so forth. While many signs point toward the evolution of new kinds of

organizations in an emerging Fourth Sector, a fully developed supportive ecosystem for these enterprises is not yet in place. Consequently, hybrid entrepreneurs have little choice but to rely on the support infrastructure of the three existing sectors. This often requires them to compromise their objectives, complicate their organizational structures, and invent circuitous processes that distract their focus and deplete resources. They are impeded by legal, capital, and other constraints, and, in the worst

cases, they encounter significant obstacles and lose competitive advantage.

The private, public, and social sectors do have a certain amount of "give," as evidenced by the considerable amount of organizational evolution that has taken place. However, their boundaries are in many ways inelastic. As pioneering organizations push outside the boundaries of their respective sectors, they require supportive infrastructure that is tuned to their particular needs.

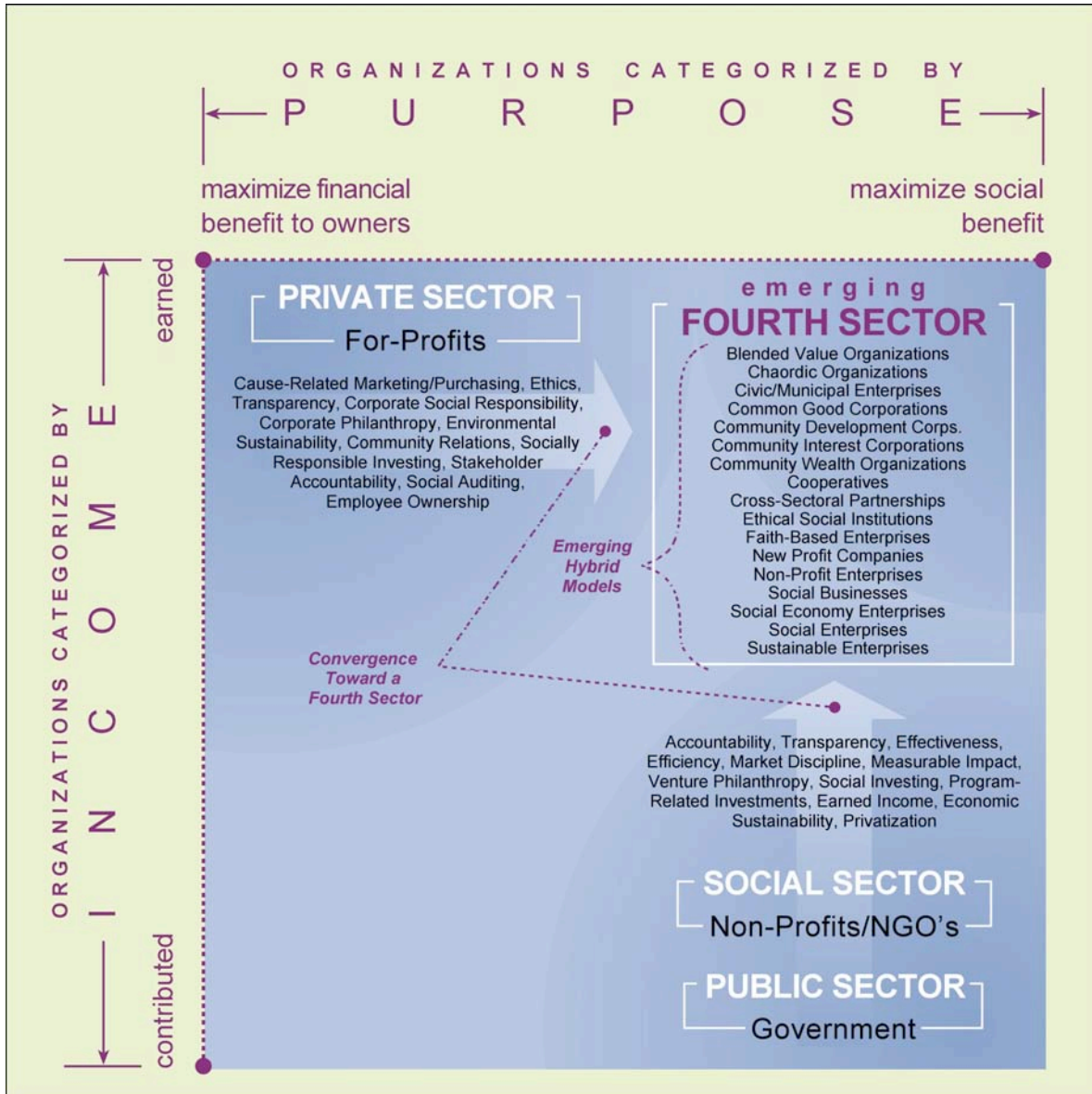


Figure 3. Patterns of Organizational Change: Emergence of a Fourth Sector

The Fourth Sector Archetype: The For-Benefit Organization

The Fourth Sector is emerging organically, the collective result of thousands upon thousands of initiatives at the individual organizational level. What would happen if the barriers that currently constrain Fourth Sector activity were eliminated, and a new, formal sector was deliberately established?

In addition to making the case for the emergence of a new sector, this paper also proposes that the emergence has a distinct trajectory—pointing toward the formation of an archetypal Fourth Sector organization, which we call the “For-Benefit” organization.

An archetype is a *typical example* or *essential form*. Archetypes are intrinsically minimalist: They describe only those characteristics required to capture the essence of the concept, and no more.

Defining an archetype is important for a number of reasons.

- Today’s Fourth Sector is characterized by multiple fragmented “silos.” Agreement around an archetype can foster collaboration and accelerate the sector’s development by providing a common target for entrepreneurs and those providing supportive infrastructure, such as attorneys, investors, policy makers, accountants and others.
- The For-Benefit model can provide a road map to a destination that socially conscious entrepreneurs may have partly conceived of but not fully envisioned. This can promote insight into mission and strategy. It can also enhance their sense of purpose, because structuring as a For-Benefit would mean they are part of a broader, systemic solution.
- The work of defining an archetype can also help bring to conscious awareness—and thus to shift—our assumptions about organizational design.
- Finally, the For-Benefit archetype provides a reference point that makes it easier to benchmark an organization’s structure against the requirements of sustainability.

The purpose of this paper, at a deep level, is to explore how our next generation of institutions can be truly congruent with the requirements of sustainability—the pursuit of lasting economic prosperity, social equity, and environmental wellbeing.

This is a complex challenge. Sustainability is a systemic problem and requires a systemic solution. It is all too easy for organizations to aspire to sustainability but fall short because they attend to some aspects while neglecting others. The For-Benefit archetype represents an attempt to identify the minimum set of attributes required to embed the principles of sustainability into an organization’s core structure.

An Inclusive Organizational Model

The boundaries of organizations in the three sectors are usually treated as a straightforward matter requiring little consideration. For-profit business enterprises are deemed to consist of their owners, board members, and employees; other stakeholders are not considered part of the organization. Similarly, with public and social sector organizations, directors and employees are seen as being “inside” the organization, while other stakeholders, such as financial supporters or constituents, are deemed to be on the “outside.”

Stakeholders who are considered to be within an organization’s boundaries are typically given greater rights to influence policies and practices, and thus have a greater opportunity to protect their own interests and welfare. As a model designed for sustainability, the For-Benefit organization should be dedicated to advancing the welfare of *all* its stakeholders. Therefore, it follows that the For-Benefit archetype should be designed with an inclusive and expansive conception of an organization’s boundaries. It should be premised on a notion that all stakeholders are part of the organization, and as such should be afforded formal rights in accordance with the nature and extent of their involvement. In the For-Benefit mental model, the organization does not *interact* with its stakeholders—it *is* its stakeholders.

Core Attributes of The For-Benefit Organization

Based on years of meetings and dialogue among many experts, this paper offers a starting vision of the essential characteristics of the Fourth Sector archetype. This vision is presented not as a final one, but only as a starting point to catalyze further dialogue and exploration.

The emerging Fourth Sector is fundamentally comprised of organizations that *pursue social purposes while engaging in business activities*. These characteristics necessarily establish the archetype's primary attributes:

- **Social Purpose** – The organization has a core commitment to social purpose embedded in its organizational structure.
- **Business Method** – The organization can conduct any lawful business activity that is consistent with its social purpose and stakeholder responsibilities.

Beyond these, the For-Benefit organization has other attributes which are reflected in various current Fourth Sector organizations, but may not appear wholly within any single organization. Among these extended characteristics are inclusive ownership, stakeholder governance, fair compensation, reasonable returns, transparency, and social and environmental responsibility.

Formalization in the Law

For the For-Benefit organization to move from an idealized model to widespread cultural reality, support in the law will ultimately be required. Substantive changes are likely needed in our corporate, non-profit, intellectual property, tax, securities, and consumer protection laws at the federal, state and perhaps even local levels. These changes might happen through the courts, legislatures, or regulatory agencies. When the For-Benefit model becomes enshrined in law, it will represent an inflection point in the evolution of the Fourth Sector, signifying that the Fourth Sector has in a real sense arrived.

An Evolutionary Progression

What we have presented here is an ambitious scenario. Major shifts in our legal structure, dominant mental models and behavior are required, and changes like these do not happen overnight. The transition of Fourth Sector activity toward the archetype will be an evolutionary process.

Without a well developed support ecosystem, Fourth Sector enterprises will have difficulty fully realizing the For-Benefit model, so ecosystem and enterprise-level activity have to co-evolve over time. As this happens, our definition of success will inevitably evolve. The farther down the evolutionary path we are, the more it will be reasonable to expect Fourth Sector companies to come closer to the For-Benefit ideal.

At the same time, it must be remembered that every organization follows its own journey toward maturity, and faces its own unique opportunities and

Core Attributes of The For-Benefit Organization

To conceptualize the optimal design of the For-Benefit archetype, contributors to this paper engaged in a process of iterative brainstorming, research and analysis. What is offered here is a starting vision intended to catalyze further dialogue. With that caveat, a fully realized For-Benefit has the following core attributes:

SOCIAL PURPOSE. The For-Benefit organization has a core commitment to social purpose embedded in its organizational structure.

BUSINESS METHOD. The For-Benefit organization can conduct any lawful business activity that is consistent with its social purpose and stakeholder responsibilities.

INCLUSIVE OWNERSHIP. The For-Benefit organization equitably distributes ownership rights among its stakeholders in accordance with their contributions.

STAKEHOLDER GOVERNANCE. The For-Benefit organization shares information and control among stakeholder constituencies as they develop.

FAIR COMPENSATION. The For-Benefit organization fairly compensates employees and other stakeholders in proportion to their contributions.

REASONABLE RETURNS. The For-Benefit organization rewards investors subject to reasonable limitations that protect the ability of the organization to achieve its mission.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY. The For-Benefit organization committed to continuously improving its social and environmental performance throughout its stakeholder network.

TRANSPARENCY. The For-Benefit organization is committed to full and accurate assessment and reporting of its social, environmental, and financial performance and impact.

PROTECTED ASSETS. The For-Benefit organization can merge with and acquire any organization as long as the resulting entity is also a social purpose entity. In the event of dissolution, the assets remain dedicated to social purposes and may not be used for the private gain of any individual beyond reasonable limits on compensation.

constraints along the way. Early stage ventures, for example, will typically have limited resources to devote to certain aspects of the For-Benefit model. Some industries may be better suited for particular attributes of the model than others. Ultimately, the goal is to embed the For-Benefit attributes into the "DNA" of Fourth Sector organizations such that as they successfully develop and mature, they necessarily realize those attributes more fully.

A Supportive Ecosystem for the Fourth Sector

As long as Fourth Sector organizations need to rely on the support ecosystems of the public, private, and non-profit sectors, they face powerful institutional and structural impediments to their efficacy and growth. In the private sector, for example, managers of public corporations have a fiduciary requirement to maximize returns to shareholders, thus deterring them from pursuing socially and environmentally responsible initiatives that do not have a demonstrable impact on the financial bottom line. And in the non-profit sector, charities that pursue earned income activities to advance their mission struggle to find and structure appropriate capital because the traditional non-profit financial markets are not oriented toward investment.

In order to accelerate the development of the Fourth Sector, a robust ecosystem of support services and infrastructure is required that is tailored to its particular needs. In recent years, such an ecosystem has begun to develop, but the scope of this undertaking is considerable. Fourth Sector organizations challenge conventional thinking about capital markets, legal and regulatory constructs, metrics, ownership, leadership, and more. New instruments, new institutions, and not least of all new understandings are required.

Key Elements of a Supportive Ecosystem

Key elements of an effective Fourth Sector support ecosystem include:

> **Financial Markets.** Most Fourth Sector entrepreneurs still have to rely on the standard for-profit and non-profit channels to capital. Among the elements that may be needed, and in small ways are emerging, are new kinds of venture philanthropy funds, financial intermediaries, holding funds, or stock exchanges that facilitate a harmony of aims between investors, donors, and For-Benefit enterprises.

> **Legal Structures and Regulation.** At this time, the “legally sanctioned” Fourth Sector enterprise is still largely a hypothetical construct as most Fourth Sector organizations are structured as hybrids of non-profit and for-profit forms. New legal forms may need to be created to facilitate creation of Fourth Sector enterprises, along with other potential regulatory changes in our corporate, non-profit, intellectual property, securities, consumer protection laws.

> **Tax Policy.** Current tax policies make little allowance for Fourth Sector organizations. New tax laws may need to be created that reward For-Benefit organizations for desirable behavior or outcomes.

> **Education and Training.** Dissemination of Fourth Sector concepts and know-how and the training of its workforce require the active participation of our formal and informal educational institutions.

> **Conflict Management.** The For-Benefit model calls for stakeholders to have a say in governance. Since different stakeholder groups have different and often competing interests, a healthy tension is inevitable within the organization. New mechanisms for effective dispute resolution may be needed to resolve conflicts.

> **Marketing and Communication Channels.** Fourth Sector enterprises need appropriate and authentic ways to market themselves and communicate their message to customers and stakeholders. Organizations with a true, demonstrable commitment to social and environmental performance need to be able to distinguish themselves in the marketplace from those who are less sincere or effective. This will require specialized marketing, communications and public relations support as well as alternative media channels that are aligned with Fourth Sector values.

The Fourth Sector on the whole is still very much on the periphery of public awareness. It will take some time for the concept to be absorbed into mainstream culture, but it is important that this happen in order for the sector to attract the broad participation and support required to realize its potential.

> **Connection and Representation.** Membership and trade associations, networks, affinity groups and conferences can have an important role in connecting and supporting the various constituencies within the Fourth Sector. They can facilitate knowledge transfer among practitioners, advocate for changes in public policy, create visibility for the sector and organizations involved in it, and provide important services to their members. There is also a need for new networking structures that enable collaboration and coordination among those engaged in the development of the Fourth Sector support ecosystem.

> **Research and Understanding.** Academic and research institutions have an important role in advancing theoretical understanding and the state of knowledge about the Fourth Sector. While recent

attention has been focused on pockets of activity within the sector, such as social enterprise, social metrics, and sustainability, a much more expansive effort is required.

> Assessment and Reporting Standards. For Fourth Sector enterprises to be perceived as credible and trustworthy, broadly accepted metrics are required that accurately measure social and environmental value creation alongside financial value creation.

> Ratings and Certification. Ratings and certification platforms are required to verify and compare operating performance and social contribution of Fourth Sector organizations.

> Exchange Mechanisms. Conventional methods of exchange narrow value to financial value. Ideally, Fourth Sector enterprises would be able to use mechanisms that facilitate the direct exchange of non-financial value.

> Technical Assistance. Fourth Sector enterprises require legal, accounting, strategy, marketing, technology and other types of support targeted to their unique requirements.

> Information Technology. Fourth Sector organizations will need tailored information technology to help with social accounting and other unique aspects of management.

The Interoperability Challenge

For-profit businesses have a vast and well-developed array of support services and infrastructure available to them. Lawyers, bankers, accountants, managers, and consultants all speak the same language. The tools they use – such as financial instruments, legal structures and accounting methods – all fit together coherently. They are “interoperable.”

This is not the case with the limited support infrastructure developed to date for Fourth Sector organizations. This is because the efforts are unfolding in a sharply fragmented environment. Those involved in developing infrastructure are focused on different pockets of activity within the sector—like non-profits adopting earned-income strategies or for-profits expanding their social and environment contributions—and so their work is mostly applicable to the narrow segments on which they are focused.

For the Fourth Sector to mature and scale, these support elements need to evolve into the same kind of coherent infrastructure as the other three sectors now have. In each of those cases, interoperability is achieved because there is a shared understanding of the type of organization people are creating or supporting. The infrastructure for the private sector, for instance, is entirely focused on supporting organizations that embody the for-profit archetype. In a similar manner, a shared understanding of the Fourth Sector’s archetype—i.e. the characteristics of a For-Benefit organization—would greatly accelerate the development of a coherent support ecosystem for all Fourth Sector organizations.

To the extent that such an archetype is collectively agreed upon, entrepreneurs, lawyers, accountants, investors, policymakers, consumers and others engaged in the Fourth Sector’s development would be better able to harmonize their activities. Social assessment tools developed by one organization would be compatible with investment mechanisms created by another. The development of common funding vehicles can be accelerated. Overall, harmonization and interoperability will reduce redundancy, enhance competition for the best tools and solutions, increase market demand for infrastructure services, and align individual, incremental efforts toward a systemic solution.

Toward a Vital Fourth Sector

Everyone can play a role in accelerating the Fourth Sector's development. People can engage in both their personal and professional capacities, in ways most suited to their interests, capabilities, and circumstances.

Social entrepreneurs, funders, non-profits, businesses, employees, members of the public, associations, policymakers, academics, lawyers, accountants, consultants, and others all have vital roles to play, and can also benefit from the Fourth Sector's advancement.

Each group faces two common challenges. First is the need to begin converging around common language and a common vision. The second challenge is collaboration. While engagement at the individual level is absolutely necessary, it is not sufficient. To build a thriving Fourth Sector, unified action is also required.

The Need for Massive Collaboration

The Fourth Sector is a sprawling, unruly, robust emergent. It is geographically dispersed and conceptually unsettled, with lots of moving parts. It spans across multiple disciplines, industries, and organizational cultures, and at some level, it touches the lives of most people on the planet.

As stated, interoperability is essential for the Fourth Sector to achieve its full potential—we must work together synergistically to create a coherent supportive ecosystem. But this will not happen on its own; absent conscious coordination, the likely outcome is continuing fragmentation and inefficacy.

The Fourth Sector community must develop organizing capacity to support collaboration. This can be accomplished in part by leveraging existing resources like trade associations and membership organizations, however, in order to harmonize such a massively complex system of activity, other approaches will also be required. In recent years, new models of networks have been emerging that enable large-scale, cross-sectoral, cross-disciplinary collaboration. By facilitating information exchange, coordination, resource sharing, decision-making, standards development, and other activities among Fourth Sector organizations, ecosystem developers, and other stakeholders, such networks can greatly accelerate the Sector's development (see Figure 4).

* * *

The Fourth Sector is an idea whose time has come. The urgent economic, environmental, and social challenges we face require it. The organizational landscape is already migrating toward it. New advances in knowledge and technology support it.

While the Fourth Sector is coming into being at the confluence of powerful forces, its emergence, especially optimized emergence, is far from assured. The counter-forces of inertia and sectoral constraints stand in the way, sharply reducing the odds that it will develop in an accelerated and coherent manner.

The evolutionary process needs to be facilitated by the addition of a layer of conscious support—not to control or shape the process, but to enable those involved to develop a shared framework of effective design principles and supportive infrastructure.

The emerging Fourth Sector is a beacon of possibility in a world in need of hope. It has the potential to address many of the critical systemic challenges we are facing today. There is currently a tension between the will toward emergence and the constraining status quo. By stepping forward individually and collectively, we can take responsibility for our common future and tip the balance in favor of truly transformative and lasting change.



Figure 4. Cross-Sectoral Networks for Collaboration to Accelerate Ecosystem Development

base of the pyramid, biomimicry, blended value organizations, blurring sectoral boundaries, cause-related marketing, chaordic organizations, civic enterprises, common good corporations, community development corporations, community indicators, community interest corporations, community relations, community wealth organizations, corporate accountability, corporate philanthropy, corporate social responsibility, cross-sectoral partnerships, democracy, double bottom line, employee ownership, engaged philanthropy, environmental sustainability, ethics, evolution of cooperation, faith-based enterprises, globalization, kypsel, microfinance, mission-related investing, municipal enterprises, network governance, new profit companies, new public management, non-profit enterprises, privatization, program-related investment, public-benefit corporations, social assessment, social audit, social businesses, social economy enterprises, social enterprise, social entrepreneurship, social marketing, social return on investment, social venture, socially responsible investing, SR enterprises, stakeholder accountability, stakeholder governance, sustainability, sustainable development, sustainable enterprises, transparency, triple bottom line, trusteeship corporations, ubuntu, venture philanthropy