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# BUILDING SOCIAL CAPITAL THROUGH CREATIVE INTERCHANGE

*Working Paper – Updated 11/12/04*

**S**ocial Capital. It's been the topic of a good deal of research activity in the last few years. The results of a recent Internet search by this researcher reveals that the University of Nebraska is spearheading an ongoing U.S.-based research effort into the phenomenon. At the same time, several Australian researchers are also adding to the growing knowledge base through their exploration of farming community-based social capital. The World Bank is an identified repository for social capital learning due to the identified linkage of social capital as a pre-requisite condition for democracy and sustainable global development. Fostering environments for the development of social capital is part of their strategy for reducing poverty levels worldwide.

*Why now?*

It is likely that the gradual movement of the social capital research information, and its economic implications, into the world of business is prompting non-research people to begin to ask questions about it. Don Cohen and Lawrence Prusak wrote a recent Harvard Business Review article, *How to Invest in Social Capital* (June, 2001) which outlines the basics of their book, *In Good Company: How Social Capital Makes Organizations Work* (2001). Their focus was to take the social capital research out of the previous context of cities, neighborhoods, regions and countries and to move it into the realm of the organizational setting. With organizations grappling to find some footing—some competitive advantage in the current environment of global turbulence, ambiguity and uncertainty, social capital may well be the next big idea whose time has come. In fact, this paper is being developed in response to a colleague's request for understanding the intersections and connections between social

capital and creative interchange. Obviously, with thoughts on how those connections may be leveraged to improve organizational settings. Let's hope that the knowledge gained can outlive the popularization of a new management fad.

### *What is Social Capital?*

A good place to begin is to set down a definition of social capital. Most of the current literature on the topic refers to work by Robert Putnam, Dillion Professor of International Affairs and Director of the Center for International Affairs at Harvard University. In his 1995 article in the *Journal of Democracy*, *Bowling Alone: America's Declining Social Capital*, Putnam states that "social capital" refers to the features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit (p. 66). (Note: Others in the social capital research community may cast doubt on the empirical nature of his research and even on the conclusions that he reached, but there's no denying his work caused a stir and generated energy around the topic.)

The World Bank's working definition is "social capital refers to the institutions, relationships, and norms that shape the quality and quantity of a society's social interactions. Increasing evidence shows that social cohesion is critical for societies to prosper economically and for development to be sustainable. Social capital is not just the sum of the institutions that underpin a society—it is the glue that holds them together. Social networks can increase productivity by reducing the cost of doing business. Social capital facilitates coordination and cooperation."

Yet, another definition (1998, Paldam, Tinggaard, and Svendsen) captures more of the nuances of the phenomenon, "Social capital is defined as mutual trust. Social capital is linked to production by a key hypothesis: social capital determines how easily people work together. ...it can also be viewed as a reduction in either transaction or monitoring costs."

A summation of the above might be that social capital is the networks, norms and social trust that facilitate coordination, communication and cooperation for mutual economic and non-economic benefit. Social capital is accumulated through interactions between individuals, individuals and groups, and between groups. It is built on foundations of trust, commitment, shared values, and reciprocity. Given the communal nature of social capital, not only can the trustworthiness of other individuals and groups flow, be tested and verified, but there are risks to those who act opportunistically that they will not share in the benefits of current and future transactions. A unique feature of social capital is that it can be encouraged and nurtured, but not mandated.

The dark side of social capital is that it is a value neutral phenomenon. Groups that are closed, isolated, and embody intolerance toward others, *e.g.*, Klu Klux Klan, Taliban, drug cartels, etc., can--and likely do--have significant amounts of social capital. They use its power for purposes counter to the greater good. So a word of caution to those who seek the “*golden eggs*” of social capital, be cognizant of why you seek it. To those of us who assist others in creating conditions for its development, motivation and purpose are important. Today’s world is dangerous enough without us making it more so.

With social capital defined, we can now move on to creative interchange. What is it? What are the foundational pillars upon which it rests? What are the connections (and disconnections) with our understanding of social capital?

### *Creative Interchange*

Creative interchange is the process, unique to human beings, through which we learn, change and perform toward our highest potential good or best—individually and in groups. First identified as such by Dr. Henry Nelson Weiman in the 1940’s, Dr. Weiman evolved his understanding of the deep mysteries of creative interchange during his long tenures at the University of Chicago and Southern Illinois University. He left a creative interchange legacy in his many books, articles, and letters. In *Man’s Ultimate Commitment*, Dr. Weiman described this innate process as:

The ability to learn what others have learned, to appreciate what others appreciate, to feel what others feel, and to add this to what the individual has acquired from other sources, and finally to form out of it a coherent unity...is what distinguishes the human mind from everything else. This kind of interchange and progressive integration makes it possible to expand beyond any known limits what people may know, feel, and control. It makes it possible beyond any known limits appreciative understanding between individuals, groups, and cultures.

Later Charlie Palmgren, Ph.D., founder of Atlanta-based Synerchange International, and others—including this researcher-- carried forth Weiman’s work and ideas related to creative interchange. Palmgren (1994) developed a description of the process (and it’s 4-phases) in the following:

Creative Interchange is a four-fold process. It is the process that makes us human and permits us to develop to our fullest potential good. Each of us was born with the innate capacity to engage in it. Unfortunately, during early childhood many obstructions are placed in its way.

Harry Stack Sullivan, the great American psychiatrist said, “The adult is a caricature of what might have been.” In others words, all of us are capable of being more than we are. While creative interchange has four phases or components, they are not necessarily sequential. The four phases are, 1) authentic interacting, 2) appreciative understanding, 3) creative integrating, and 4) (Any of the following) growing, learning, transforming, developing, expanding, and/or creating. More will be said about phase 4 below.

**AUTHENTIC INTERACTING (Surfacing Diversity):**

Humans are social by nature. The quality of humanness is in part a product of the quality of relationships we have with others. By quality of relationship I mean our willingness to be open, honest, and direct in our communication with others, i.e., communicate with integrity. Most of us are use to a variety of games we play in order to hide those aspects of ourselves assume others will reject. We hide valuable contributions we could make. Much of what is original, novel, different, and diverse about ourselves is not available to others. Creative interchange occurs when people, teammates, parents, managers, leaders make theirs unique ideas, knowledge, expertise, perspectives, meanings, values, and beliefs available to others, i.e., generate diversity. Authentic interacting is sharing with integrity to inform and listening with humility to understand and learn. This serves in the discovery of shared meaning.

**APPRECIATIVE UNDERSTANDING (Valuing Diversity):**

When diversity is surfaced, we have the possibility for creativity, growth, change, challenge, and opportunity. Of course, we also have the possibility for conflict, division, friction, breakdown, and chaos. The key is how diversity is handled, responded to, and/or managed. The critical element required to tip the scales in favor of creativity and growth rather than conflict and tension is appreciative understanding. Note that understanding by itself doesn't guarantee a reduction in conflict. It reduces conflicts resulting from misunderstanding, but it doesn't alter situations where there is a genuine difference of opinion. Only when the conflicting parties gain an authentic appreciation of one another's point of view or prevailing mindset can there be a real opportunity for creativity, learning, development, growth, and integration. Appreciative understanding requires the ability to discover value and drawbacks in any idea, perspective or frame of reference. It requires overcoming our tendency to polarize ideas through either/or thinking in order to discover shared valuing.

**CREATIVE INTEGRATING (Integrating Diversity):**

It is during the integrating phase that real creativity can occur. In this phase ideas and beliefs that previously appeared contradictory, paradoxical, and mutually exclusive can be reconciled and built and

integrated into mutually inclusive and supportive outcomes. This is the heart of the creative process. It is here that genuine transformation, development, and learning takes place. It is here that the ‘more than, different from’ outcomes occur. At this point is where the aha’s happen and surprises emerge. Without appreciative understanding this phase seldom, if ever, happens. If it does, it is often the result of dumb luck. It is usually subconscious and can’t be consciously repeated. Progressive integrating requires an expansion of imagination and overcoming the fear of absurdity in the service of building both/and outcomes in the service of shared commitment.

**TRANSFORMATIONAL ACHIEVING (Expanding Capacity):**

As was stated above, numerous names can be used to describe this phase of the creative interchange process. That is because this process is so fundamental to what it means to be human. Many things that humans think, create, do, and achieve are the result of our humanness. Whether we are learning, achieving, inventing, developing or being transformed, the creative interchange process is operative. To the degree that it is operative, we can be at our best in any given set of circumstances. To the degree that the required conditions for its operation are absent, we become less than we are capable of being under such circumstances. Creative interchange in the words of the United States Army advertisement, ‘allows us to become all that we can be.’ It brings out our best and the best in others when it is operative and not obstructed. This process requires the habituation of new thinking skills that allow us to be both committed to acting on the best we know AND open and curious to discover what in truth is better.

*Foundations for Creative Interchange*

Several years ago, this researcher wanted to identify the DNA—the fundamental building blocks of the creative interchange process. The original thought was that if we could segment all the component pieces maybe we could intentionally recreate the whole. This type of knowledge would enable:

- ▶ development of assessment instruments for measuring creative interchange capability and actualization in individuals and relationships,
- ▶ identification of early childhood development supports needed to counter-balance the forces which cause the capacity for creative interchange to become dormant or under utilized,
- ▶ development of a framework for providing remedial (re-minding) programs for adults whose creative interchange capacity has been diminished and needed to be reawakened,

- and the recognition of cultural norms that need to be operative to support an ongoing development of creative interchange capability across the systemic levels of individuals, interpersonal relationships, small groups (such as teams, families, etc.), and larger groups (such as organizations, communities, etc.).

From this search, the following Creative Interchange Constructs & Assumptions model emerged. The model seeks to identify the elements of each phase such as: name or label given, descriptive narrative, results which emerge during/from the phase, conditions/norms which support the actualization of the phase, individual competencies which allow active engagement in the phase, skills which allow the phase to be operative in the world, and suggested behavioral tools which force the development and reinforcement of the skills component. To paraphrase Buckminster Fuller, “If you want to change a mind, give someone a tool which changes the way they work (engage the world).”

After developing the model, a key recognition was that the reductionistic dissecting process would not/could not capture the total essence of creative interchange. As Weiman often said there is a mystery—an element of the infinite in creative interchange. Creative Interchange is the synergistic process which allows the “*more than and different from*” to emerge. It is the ‘*different from*’ that is always beyond the current knowable reality. With that caveat, the following model is offered to assist the reader in understanding some of the knowable parts of the whole of creative interchange.

(*Note:* The Constructs & Assumptions diagram captures an evolution of thought over time. The dates on the components reflect the timeline of inclusion into the understanding of creative interchange due to 1) new insight, and/or 2) a need for additional clarity or language simplification.)

# Creative Interchange Constructs & Assumptions

“Man needs man for the reciprocal affirmation of the authentic”...Dr. Erle Fitz

Process	Characteristics	Results	Conditions			
<b>Authentic Interacting</b> (1995)  <b>(Interaction)</b> (1948)	An open, two-way exchange of information (thoughts, feelings, values, perspectives) free of conscious deceit, distortion, exploitation, domination or manipulation (“Truth-telling”)	<ul style="list-style-type: none"> <li>• <b>Increased knowledge</b> (1969)</li> <li>• Increased individual uniqueness (1969)</li> <li>• Diversity of thoughts, feelings, values, behaviors, motives, needs, perspectives, etc. (1969)</li> <li>• <b>Increased trust</b> (1995)</li> </ul>	<ul style="list-style-type: none"> <li>• Psychological safety for all (C. Rogers)</li> <li>• <b>Trust</b> (in self &amp; others) (1969)</li> <li>• Willingness to risk - to be vulnerable, ‘exposed’</li> <li>• <b>Openness</b> (1969)</li> <li>• Permeability (structure)</li> <li>• <b>Integrity</b> (honesty/congruence) (1969)</li> <li>• Humility</li> <li>• Spontaneity (freedom to be self) (1969)</li> <li>• Reciprocity (1966)</li> </ul>			
			<b>Competencies</b>	<b>Skills</b>	<b>Tools</b>	
			<ul style="list-style-type: none"> <li>• Ability to conceptualize and articulate abstract and concrete information</li> <li>• Awareness of own beliefs, assumptions, values, etc. (1958)</li> <li>• Emotional Intelligence (1995)</li> </ul>	<ul style="list-style-type: none"> <li>• Verbal Advocating (1995)</li> <li>• Inquiring (1995)</li> <li>• Non-verbal Listening (1958)</li> <li>• Read non-vocal cues</li> </ul>	<ul style="list-style-type: none"> <li>• Clarify purpose</li> <li>• Confirmed paraphrase</li> <li>• Balance advocacy &amp; inquiry</li> </ul>	
<b>Appreciative Understanding</b> (1995)  <b>(Appreciation)</b> (1948)	An interchange in which the thoughts, emotions, and values (worldviews) of each participant are recognized, understood, and appreciated through a process of empathic valuing and evaluating	<ul style="list-style-type: none"> <li>• Increased appreciation (1969)</li> <li>• <b>Shared meaning</b> (1995)</li> </ul>	<b>Conditions</b>			
			<ul style="list-style-type: none"> <li>• <b>Curiosity</b> (wonder and awe) (1996)</li> <li>• <b>Capacity for ambiguity</b> (1993)</li> <li>• Ability to hold reality ‘lightly’ (humility relative to convictions)</li> <li>• Freedom of choice (1969) (Psychological Freedom-C. Rogers)</li> </ul>			
			<b>Competencies</b>	<b>Skills</b>	<b>Tools</b>	
			<ul style="list-style-type: none"> <li>• Emotional Intelligence</li> <li>• Increased awareness, understanding, and acceptance of self &amp; others</li> <li>• Empathy</li> <li>• Ability to reconfigure perceptual connections and emotional response(s) related to goodness/badness dichotomies</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on and sustain ‘positivity’</li> <li>• Identify complementary attributes</li> </ul>	<ul style="list-style-type: none"> <li>• Identify positive attributes</li> <li>• Seek out &amp; identify drawbacks</li> </ul>	

Based on works by Dr. Henry Nelson Wieman, Dr. Charlie Palmgren, Carol Lischalk, M.A., Stacie Hagan and many others.

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# Creative Interchange Constructs & Assumptions

“Man needs man for the reciprocal affirmation of the authentic” . . . Dr. Erle Fitz

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<b>Creative Integrating</b> (1995)  <b>(Integration)</b> (1948)	An interchange in which the participants actively seek to integrate (through building and/or inventing) outcomes that are inclusive of the strengths of the ideas, emotions, and values while eliminating or minimizing the drawbacks, negative attributes, or perceived barriers	<ul style="list-style-type: none"> <li>• Increased cooperative control (coordination) (1958)</li> <li>• Increased personal and group identity &amp; wholeness— less fragmentation (1958)</li> <li>• Increased freedom for unified action (1958)</li> <li>• <b>Shared vision</b> (1995)</li> <li>• <b>Shared ownership</b> (1999)</li> </ul>	<ul style="list-style-type: none"> <li>• Willingness to modify experience – risk being changed (1969)</li> <li>• Imagination</li> <li>• Connectivity (both/and thinking)</li> <li>• Willingness to be ‘playful’</li> </ul>								
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<b>Continual Improving</b> (1995)  <b>Expanding Capacity</b> (1999)  <b>(Expansion)</b> (1948)	An interchange in which an enhancement, or change, occurs at one or more levels (e.g., <i>individual mindset, interpersonal relationship, group or culture</i> ).  The enhancement is evident by increased capacities, such as: <ul style="list-style-type: none"> <li>• recognizing and appreciating uniqueness... transcending barriers of alienation,</li> <li>• taking effective action, and</li> <li>• learning and improving.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Increased community</b> (1969) – Social capital (2002)</li> <li>• Recognition of interdependence – need each other for information, new values, ideas, and feedback (1969)</li> <li>• Cooperation (1969)</li> <li>• Cohesiveness (1969)</li> <li>• Reduced transaction/monitoring costs (2002)</li> <li>• Innovative performance(1995)</li> <li>• Shared commitment (1999)</li> <li>• <b>Increased capacity for effective action</b> (1999)</li> </ul>	<table border="1"> <thead> <tr> <th>Conditions</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> <li>• Interdependence (needs &amp; resources of self &amp; others) (1969)</li> <li>• Courage (1989)</li> <li>• Discipline (1989)</li> <li>• Skilled Action (1992)</li> </ul> </td> </tr> </tbody> </table>			Conditions	<ul style="list-style-type: none"> <li>• Interdependence (needs &amp; resources of self &amp; others) (1969)</li> <li>• Courage (1989)</li> <li>• Discipline (1989)</li> <li>• Skilled Action (1992)</li> </ul>				
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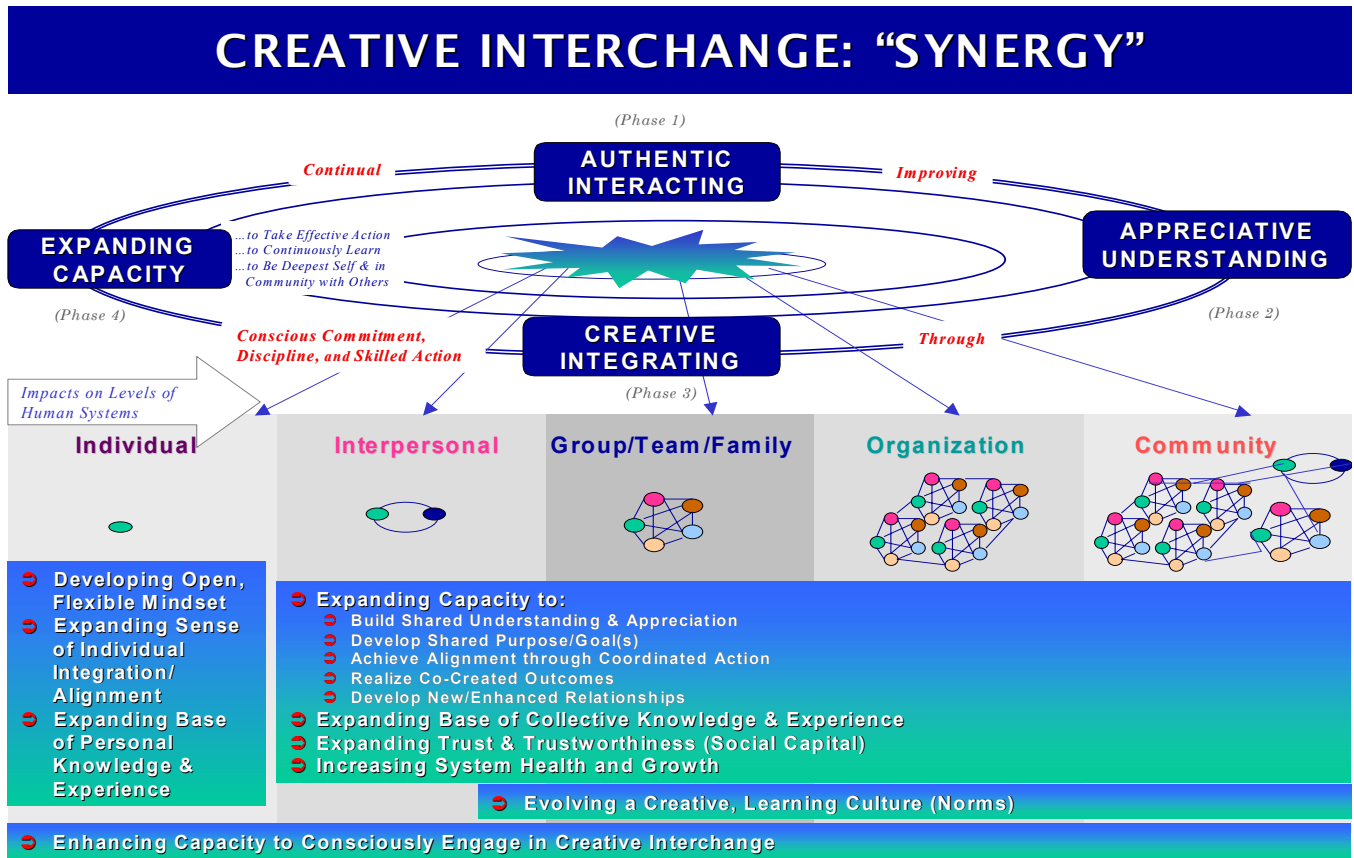
### *Creative Interchange Outcomes*

Weiman identified what could be viewed as “*outcomes*” of creative interchange. In 1994, Dr. Charlie Palmgren developed a modified (contemporary language) list. Creative interchange:

- ▶ **Reduces the conflict** between an organization’s and/or group’s demands for conformity and those conditions required for healthy human interaction.
- ▶ **Empowers people to make optimal contribution** to the total resource base of the team, organization and community.
- ▶ **Increases collaboration** between business, government, large institutions and diverse cultural groups.
- ▶ **Minimizes the amount of coercion required** for maintaining order.
- ▶ Provides for personal integrity.
- ▶ **Conserves and accumulates more personal and organizational resources.** Increases personal and organizational learning.
- ▶ **Creates and transforms the human mind;** develops human personality and human organizations in all of their complexity.
- ▶ Provides the kind of **interpersonal relationships required for healthy learning** and development.
- ▶ Increases a person’s appreciation of both the tragic and destructive, as well as, the finest and noblest of human endeavors, thus, **enriching personal and community life.**
- ▶ When given priority over all else, **enables people** to deal constructively with diverse situations and accommodate radical changes.
- ▶ **Allows people to learn and grow** in the midst of increasing diversity and hostility instead of being distressed by them.
- ▶ **Maximizes each person’s freedom** to obtain his/her personal best.
- ▶ Provides **optimal security and renewal** during those social changes that render the status quo obsolete.

These outcomes are desirable for growing and sustaining social systems whether they are our families, our workplaces, our communities or our foundational institutions—governmental, educational, and religious. As we see, there are similarities to the stated outcomes from a healthy dose of social capital.

A final visual aid in understanding creative interchange is presented next. The unique contribution of the visual is the recognition of the rippling or pond effect of creative interchange. Creative interchange can be expanded beyond any known limits by “continual improving through conscious commitment, discipline, and skilled action.” Dr. Weiman stated it as a two-fold commitment, *i.e.*, Commitment to the best I now know and commitment to transformation of the best I now know to a higher level. The graphic also recognizes that each human system level receives its own benefit from creative interchange.



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### The Social Capital-Creative Interchange Connection

There are two basic premises put forth in this paper relating social capital and creative interchange. The first is that the relationship of creative interchange and social capital is one of process-to-outcome. Creative interchange (the process) creates the foundational elements of social capital which researchers have identified--namely

relationships, trust, and shared commitment. The very nature of creative interchange suggests a synergistic, interdependent relationship with the world. Thus, reciprocity is a requirement.

Social capital can be one tangible, measurable outcome of unobstructed creative interchange. The second premise is that social capital can also *cease to be sustained* by creative interchange. Why the conditional qualifier? Given the dark side of social capital described earlier, when a system becomes closed--its basic beliefs and behaviors no longer subject to the transformational process that created it, the system's health, and that of interdependent systems, are in jeopardy. A process of decay is set in motion. The decaying process may not be swift. At any particular moment (from the outside), we may see only the current destructive power of that system. When its social capital is utilized in the service of repression (Taliban), human destruction for profit (drug cartels), or misguided delusions of superiority (Klu Klux Klan), processes other than creative interchange, *e.g.*, distortion, avoidance, manipulation, etc., have moved into to keep the current system in place—trying to retard the decaying process—to survive.

From an organizational perspective, Texas-based ENRON Corporation had social capital. When its beliefs and behaviors were no longer subject to transformation (the self-correcting aspect of creative interchange), the seeds of its destruction were sown. Due to deceptive processes being operative, it took longer for employees and investors to recognize that individuals and groups within the relational network were engaging in opportunistic ways. By the time they learned the truth, it was too late. ENRON will continue to have a negative effect on other systems long after its own disgrace and/or demise. Much like the impact of a dysfunctional family on future generations, it is likely that this corporate betrayal will impact the level of trust that will be extended in future interactions in and out of the marketplace...creating one more barrier to overcome in developing healthy social capital.

### *Nurturing and Sustaining Social Capital in Today's Organizations*

Given an intent—an ultimate commitment--to fostering healthy systems both within the organization itself and between the organization and the larger environment in which it lives and operates—suppliers, vendors, community, regulatory--what should we focus on? Where do we begin?

First, identifying the current level, locations and strength of social capital is helpful. For example, an organization may find it already has healthy, productive pockets of social capital being sustained through '*communities of practice*'—small internal groups which form to share information and best practices. These groups usually operate below the radar screen of most organizations. Much like other organic organisms, communities of practice

need room to grow without being unduly disturbed. Conversely, an organization may find that as it is trying to survive in a turbulent economic environment that survival effort is made more difficult by a lack of significant relationships (internally and externally), low trust between departments or individuals, a lack of shared commitment to goals, hoarding of information, competition leading to every-man-for-himself attitudes, etc. This kind of news would dictate that an organization must set upon a developmental process to address the underlying flaws—yesterday!

This developmental process will need bottom-up and top-down aspects. Bottom-up indicates working at the fundamental level of individuals and interpersonal relationships. Social capital is developed one interaction at a time. Thus, helping people to become competent and comfortable with ways to interact that increase the likelihood that creative interchange will produce a measure of social capital. A review of the Constructs & Assumptions model can help identify target components of a capability building process

Another segment of the change is the development of group or social norms that encourage—set expectations and provide a safe haven—for practicing positive interaction skills, demonstrating trust and trustworthiness, co-creating not only the present moment, but also the visions of the future. This is captured in the feedback from a participant in a Creative Interchange (CI) program several years ago. The program was divided over several modules. In the interim--between the first and second skill-building modules, the participant went to a team meeting. The meeting progressed like many meetings do—ineffective meeting processes, low participation, unstated frustration, etc. As a break neared, the participant began a conversation with another attendee about what she was learning in the CI program. At which point, several others who had attended similar but separate CI programs joined the conversation. An “Aha” of recognition occurred. Someone said, “Well, why didn’t you say so, we can operate differently then”. She said the level of energy that surfaced after the shift in expectations for how they would work together was very obvious. Previous norms had set in place expectations around the rules of engagement. No one wanted to be the first to recognize there was another way...it might be dangerous. Another aside is that creative interchange may be the best defense a group or team has against the phenomenon called groupthink.

There must also be strong messages of support from the larger organizational system. Messages which layout a value for truth-telling, ethical behavior, respect of people, and other key principles must be developed and disseminated. The caveat then becomes, the organization must then actualize its values through concrete behavioral manifestations. Just as kids learn the real lessons when parents say do as I say and not as I do. So too do people in organizational settings learn what is real and what is not. There are some recent examples of organizations attempting to live their value of the importance of people by finding creative ways to avoid layoffs

in hard economic times. The Johnson & Johnson action several years ago of pulling Tylenol from the store shelves--despite the tremendous financial cost—demonstrated their commitment to the safety of their customers. The goodwill (social capital) that was built between the company and its customer base allowed the Tylenol brand to not only come back, but to flourish. Trust had been maintained...and that trust had economic value for Johnson & Johnson.

These are but a few of the ideas for building and sustaining social capital in today's organizations. Cohn and Lawrence (2001) provide their thoughts on the subject as well as ways in which organizations destroy social capital. Suggestions they offer managers for investing in social capital include:

- ▶ Commitment to retention
- ▶ Promoting from within
- ▶ Giving people time and space to bond in person
- ▶ Facilitate personal conversations
- ▶ Foster durable networks
- ▶ Give employees no reason to distrust
- ▶ Show trust yourself
- ▶ Give people a common sense of purpose
- ▶ Reward cooperation with cash
- ▶ Hire for it

These insights are in addition to the myriad of research findings and conclusions available from many other sources. As stated earlier, let's hope the lessons learned can be put to good use and not lost in the rush for the newest, shiniest silver bullet.

### *Conclusion*

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