

Stages of Organisational Consciousness: Part II



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March 2014

In our earlier paper, *Stages of Organisational Consciousness: Part I*, we introduced the model and the 6 stages based on the foundation/construction of that model. This paper is designed to review the model through analysis of client data and attempt to gain some insight into how organisations transition through the stages.

How Culture Works – A quick review

Dr Robert A. Cooke's (Professor Emeritus University of Illinois at Chicago and now CEO Human Synergistics international) many years of research into organisational culture, identifies 31 causal factors that influence the organisation's culture, which in turn influences 12 key climate related variables (outcomes). These causal factors are grouped into 5 'clusters' – Mission and Philosophy, Structures, Systems, Technologies and Skills/Qualities. The culture is identified through the Human Synergistics circumplex in terms of Constructive, Passive/Defensive and Aggressive/Defensive behavioural norms and the outcomes are grouped into outcomes at the Individual, Group and Organisational levels. (See Figure 1)

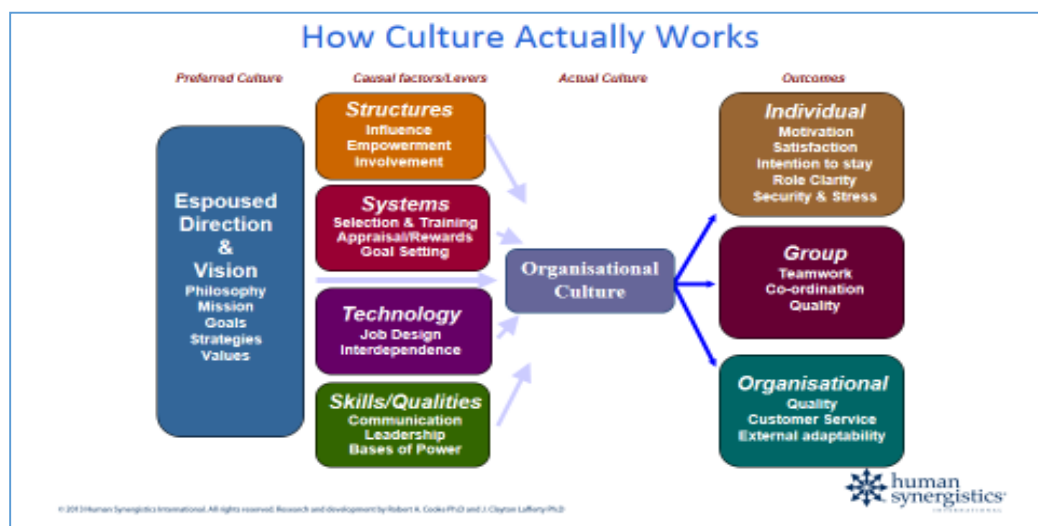
The Data Set

The data set is made up of 740 Australian and New Zealand organisations that have used the Organisational Culture Inventory® (OCI®) and the Organisational Effectiveness® (OEI) as part of their culture transformation efforts. The OCI® measures organisational culture, the OEI measures the causal factors and outcomes of culture, as per Dr Robert A Cooke's How Culture Works Model.

The data was reviewed through two lenses – The changes in causal factors, culture and outcomes as organisations moved up the six stages and, the overall differences in causal factors, culture and outcomes between organisations at each of the six stages. The objective was to obtain some sense of what distinguishes a Non-Responsive organisation from one that is at the Denial stage, what distinguishes an organisation at the Compliance stage from one that is at the Non-Responsive stage and so on up the various stages.

NB 1: *It is important to note that this paper does not offer a 'one size fits all' scenario. Each*

Figure 1: How Culture Works



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organisation is unique and requires unique interventions to change culture and improve performance. That is the role of the OCI® and OEI as measurement tools – to help identify specific needs within a specific organisation. The objective of this review has been to find patterns – patterns that can help guide thinking and action around areas for exploration for an organisation contemplating cultural transformation and improvement through people.

NB 2: *The aim of this paper is to focus on the causal factors – what the organisations did to change and shape their cultures and the outcomes as a consequence of this – how the organisation is functioning. The culture profiles for each stage are identified and discussed in the earlier paper – The Stage of Organisational Consciousness: Part I.*

The first thing we found was that progression through the stages is not linear

When we looked at the data, we found that as organisations moved through the stages of consciousness it was not a linear progression. By examining the differences in causal factors and outcomes for organisations at each stage we also found that each stage was not 'equidistant' from the one before it. (See Figure 2)

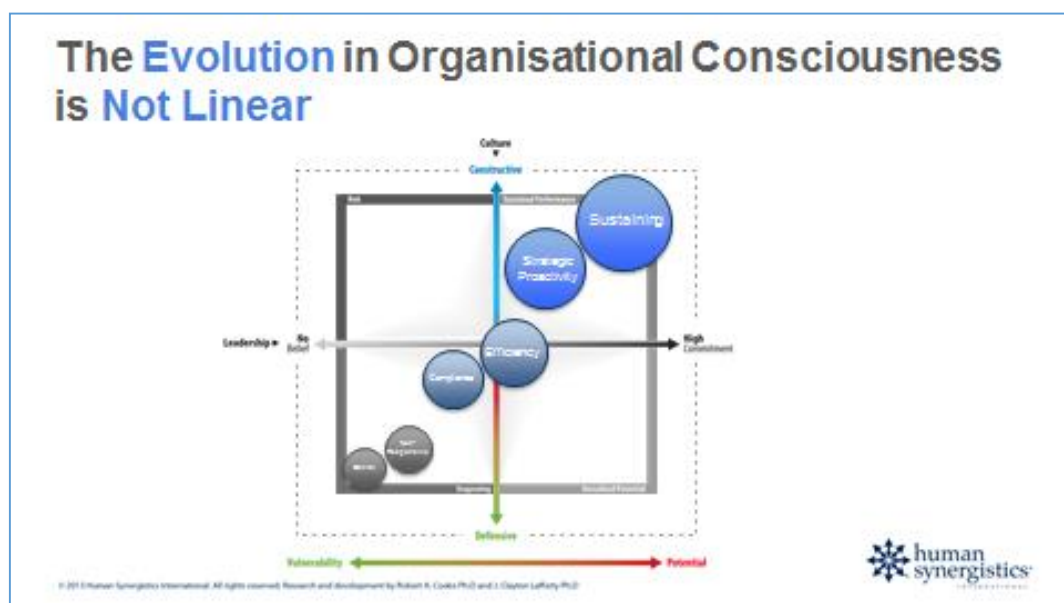
The differences between the stages is best summarised in table 1. The percentages are the aggregated shift/difference in scores between each of the stages. Thus for example, the aggregated score for all 31 causal factors for the organisations in the Non-Responsive stage is 30% higher than for those

organisations in the Denial stage and the aggregate of the 12 outcomes scores for these organisations is 23% higher.

A number of interesting points emerge from this:

- Simply to make a start – progressing from a culture that is defined as 'Denial' to one that is defined as 'Non-Responsive' requires a 30% overall improvement across the 31 causal factors – so 'getting off the ground floor' is not an easy step!
- To move beyond that requires an even greater effort and indeed the biggest step of all – a 75% improvement in causal factors. That explains what many organisations in their retests do not show the degree of improvement they had hoped for. This is clearly a very big step.
- At both of these first steps, the effort required is greater than the outcome achieved. Whilst the improvement in causal factors (+30%) to move culture from fitting the criteria for the Denial stage to that of the Non-Responsive stage results in a somewhat more Constructive and less Defensive culture, the outcomes improve by 23%. It is possible then that organisations will feel that they have 'done an enormous amount of work in changing culture' but not seeing the level of improvement hoped for in climate (outcomes) on a day-to-day basis. The key is literally 'to keep going'.

Figure 2: Stages of Organisational Consciousness



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Table 1: Differences between each stage

Stages Movement	Causal Factors	Outcomes
From Denial to Non-Responsive	↑30%	↑23%
From Non-Responsive to Compliance	↑75%	↑53%
From Compliance to Efficiency	↑21%	↑29%
From Efficiency to Strategic Proactivity	↑18%	↑18%
From Strategic Proactivity to Sustaining	↑3%	↑3%

- Once an organisation progresses through to the Compliance stage, the gap between the stages narrows to ultimately only requiring a 3% improvement in causal factors to move from Strategic Proactivity to Sustaining.

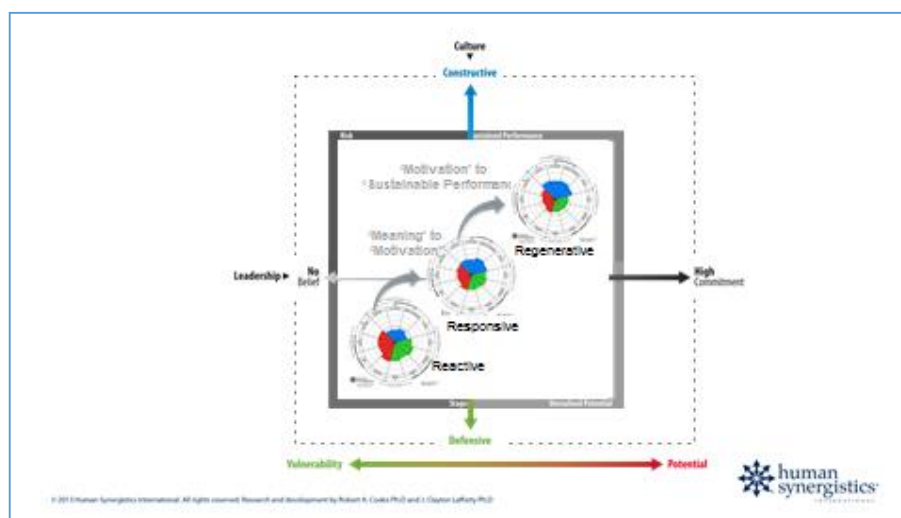
As Figure 3 illustrates, the movement up the model is one of 3 primary phases. Without losing the importance of the 6 stages, the model can be simplified into 3 major phases of transformation. Whilst there remain 6 stages of consciousness, there seems to be 3 major phases of fundamental transformation. We have called these phases the Reactive, Responsive and Regenerative phases, based on how the organisation interacts with its environment:

- Reactive phase: following the environment, making slow and late changes with a culture that

is essentially defensive and security oriented. This incorporates the Denial and the Non-Responsive stages.

- Responsive phase: matching the environment, utilising planned change with a culture that is a combination of Satisfaction (Constructive) and Security (Defensive) orientation. This incorporates the Compliance and the Efficiency stages.
- Regenerative phase: leading the environment, being proactive and fast to change with a culture that is constructive and satisfaction oriented. This incorporates the Strategic Proactivity and Sustaining stages.

Figure 3: The Reactive, Responsive and Regenerative Phases



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This reflects our clients' experiences that substantial change is often followed by a smaller degree of improvement and there is a plateauing effect as an organisation progresses through the stage. Such plateauing should be seen as typical rather than disappointing and a source of motivation for continuing the effort rather than a sign that perhaps the organisation is unable to continue the momentum for improvement.

The first major transformation step – moving from Denial to the Non-Responsive Stage (moving within the Reactive Phase)

The first step is literally about 'getting off the ground' - making the move from the lower of the 2 stages (Denial) within the Reactive phase, preparing the organisation for movement up the later stages.

Whilst organisations should review their performance in all 31 of the causal factors, and the priority needs for improvement of any organisation will be specific to that organisation based on its own OCI®/OEI data, the local data suggests that movement in this first stage is created through focusing on **shared meaning** throughout the organisation. The key is building a sense of inclusion and common interest. An essential ingredient in a Constructive culture and one that is motivating to work within is a sense that the organisation performs a meaningful function, individual jobs are meaningful and members are able to influence the organisation's direction.

This seems logical, as the key to a Constructive culture is alignment between the ideal culture as expressed through mission and philosophy and the other causal factors, ensuring that what occurs on a daily basis is reflective of the espoused values of the organisation. Alignment cannot occur without first having a clear, understood, agreed upon, meaningful set of values, mission, philosophy etc.

The goal at this stage is to build meaning and context. Amongst the causal factors this includes:

- **Mission and Philosophy** – building shared meaning through well-articulated mission, vision, values, strategy, employee value proposition statement and single organising idea, with emphasis upon the role the organisation plays in fulfilling customers' needs (Customer Service Focus). These statements become the first peg in the ground of aligning intent with reality. For an organisation to be 'aligned' it must first have a

sense of what it is aligning itself to – the overarching meaning that then dictates how the organisation goes about its business.

- **Employee Involvement and Influence** – reviewing structures to allow members to be involved in decision-making and allowing people throughout the organisation to influence the direction of that organisation and training managers and leaders to involve their people in problem-solving and decision-making. For an individual to feel that what they do is meaningful, they must have a sense that they can contribute to the organisation's direction. Employee involvement is a key process in building the content and acceptance of the statements referred to within Mission and Philosophy.
- **Autonomy** – building autonomy at the individual job level. This builds meaning into individual jobs. Autonomy is about having the ability to influence how the job gets done – the what, how, when, where of everyday task accomplishment.
- **Goal Emphasis** – leaders and managers must role-model the values and priorities expressed under Mission and Philosophy. This is about 'making it real' at the individual level. Translating values into on-the-job behaviours, exemplifying these behaviours through their own approaches to task and interpersonal activities and encouraging people to give their best effort are all fundamental to this initial stage of transformation.
- **Leadership development** – leaders and managers need to learn how to balance personal task and interpersonal management and leadership capabilities. The manager/leader as 'facilitator' rather than 'controller' is the key here – coaching, mentoring, leading teams, involving people and empowering them.

Outcomes associated with this movement

As with the causal factors data relied on for the above comments, the data relating to the Outcomes of culture has also been reviewed. As Table 1 illustrates, a 30% across the board improvement in the 31 Causal Factors leads to a somewhat less Defensive and more Constructive culture, and this is then reflected in the Outcomes improving across the 12 measured in the

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OEI of 23%. Whilst this seems like little return for considerable effort, specific Outcomes enjoy a substantial increase. Interestingly the biggest improvement in outcomes is at the departmental and organisational level rather than the individual level. The most substantial improvements were in [Departmental and Organisational Level Quality](#) and [Organisational Adaptability](#). People within the organisation are seeing that they are now producing a higher level of service quality and the organisation is more adaptable to changing circumstances in its environment.

At the individual level there was a 50% increase in [Motivation](#) and a similar increase in role clarity (and accompanying decrease in role conflict). Interestingly the [Satisfaction](#) outcomes only move marginally suggesting that those organisations using Engagement surveys that primarily measure satisfaction may be seeing little return for their effort at this stage.

[The second major transformation step – moving from Non-Responsive to the Compliance Stage and thus the Reactive to the Responsive Phase](#)

This is the big one – a 75% improvement in causal factors, with a 53% improvement in outcomes. The difference between these 2 stages represents an organisation on the cusp of transforming from a Defensive culture to a Constructive one.

Again, whilst we must still stress the unique requirements of every organisation and the particular needs identified for each organisation in their results in the 31 causal factors, the data again suggests some pattern amongst the local organisations.

Once meaning and context has been developed in the initial transformational move, the next step is to build on this (not move away from it – it's never 'done') with [the goal of building motivation](#). Organisational systems – HR systems, goal setting systems and reinforcement systems need to be reviewed to determine what is currently facilitating or hindering motivation. Organisational systems influence behaviour through a combination of positive and negative reinforcement processes, with people interpreting messages and making conclusions about what is expected within an organisation on the basis of what they believe will be rewarded and punished. It is important to reiterate that the transformational strategies enacted in the previous phase do not stop.

They continue, they continue to improve and these additional interventions are designed to build on them.

The key elements of motivation in organisational members seeing that:

- Their personal effort can make a difference
- Their work is meaningful
- They are learning something new
- They are supported by those around them
- They enjoy their work

Specific Causal Factors to focus on now are:

- [HR systems – Selection and Placement](#) – (people see the matching of people and jobs as being rational and objective rather than political and subjective), [Training and Development](#) focuses not just on job skills but on also personal development and [Respect for Members](#) is high with people seeing that they are treated with respect regardless of level, gender, age and ethnicity.
- [Reinforcement Systems](#) – the [Use of Rewards](#) versus [Use of Punishment](#) – Rewards include recognition of effort and performance. This includes praise, celebrations, getting 'noticed' by supervisors and potentially monetary reward. It also includes (low) [Use of Punishment](#), where blame is minimal and problem-solving and learning from errors is the preferred process. [Fairness of Appraisals](#) – there is nothing quite so demotivating as being held accountable for something that you cannot influence. A 'direct line of sight' between effort and outcome is essential for high motivation. Evaluations must be based on performance and objective measures rather than personal or subjective factors.
- [Continuing Leadership Development](#) – continue growing managerial and leadership capability to support the changes made to the organisational systems. These systems become very real for people through their day-to-day interactions with their managers. It is here that the notion of the impact managers and leaders have on others becomes critically important. Beyond personal

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styles, what behavioural expectations (impact) the manager/leader creates through how they go about managing and leading (leadership strategies and managerial approaches) become the key for developmental growth amongst managers and leaders.

Outcomes associated with this movement

Consistent with the How Culture Works Model (see Figure 1) and Dr Cooke's research, these improvements in causal factors lead to higher scores in the Constructive cultural styles and reduced scores in the Defensive cultural styles. This shift in culture is then reflected in higher scores in all the outcomes measured.

Not surprisingly, given that this movement is all about adapting systems to improve motivation, the outcomes from this transformational step are strongly at the individual level – **Satisfaction** (up 51%), **Motivation** (up 166%), **Role Clarity** (up 185%) and a reduction in **Role Conflict** (down 41%). Outcomes at the group level include a 45% improvement in **Teamwork** and a 90% improvement in **Inter Unit Co-ordination**. People are working together more effectively within teams and between teams.

The 'final' breakthrough transformational step – moving from the Responsive to the Regenerative Phase (Moving from the Compliance and Efficiency stages to the Strategic Proactivity Stage)

To move beyond the Compliance and Efficiency Stages and the Responsive Phase into the Strategic Proactivity Stage and thus the Regenerative Phase, an organisation's culture must be beginning to be Constructive. The profile needs to be above the 50th percentile in the Constructive styles with more 'blue' than 'green' and 'red' in (based on the Organisational Culture Inventory®). Having a little more of the Constructive styles than the others provides the foundation on which the organisation can build genuine proactivity and resilience. The organisation begins to move into a state that allows it to move beyond being responsive to one that actively leads the environment. Rather than adjusting to changes, they make the changes. They shape the context within which they operate.

As outlined in our earlier paper, *Stages of Organisational Consciousness: Part I*, only a very small percentage (21%) make it to this phase, with only 14% of those progressing from the Strategic Proactivity Stage to the

Resilient/Sustaining Stage. These organisations are indeed unique. In every case they are industry leaders, the best in their industries, and well known for being organisations that strive for excellence in everything that they do.

Essentially these organisations have moved beyond seeing leadership and culture as being strategies for creating compliance in terms of right/wrong, good/bad (Compliance stage) and then as strategies for improving on existing practices (Efficiency stage), to one wherein leadership and culture are seen as being the key to the organisation's future and integral to everything that it does.

These are truly integrated organisations. HR is not just a 'business partner', but is fully integrated as a function throughout the business. People are genuinely seen as a source of excellence and all decisions are reviewed in terms of impact on the organisation's culture. The organisation absolutely believes that their success is built upon their culture and this is represented in the executives' personal values. Leadership and culture are no longer seen as HR led programmes, but are owned by the whole organisation and seen as "how we do things around here".

Improvements into this area are quite subtle. Whereas the patterns in the data show 30% and 75% improvements to achieve the previous two breakthrough transformations, since a Constructive culture has by now been built, this step is accompanied by an overall 18% improvement in the Causal Factors.

Again, we must still stress the unique requirements of every organisation and the particular needs identified for each organisation in their results in the 31 causal factors. The data does however suggest some patterns amongst the local organisations.

It is also important to reiterate that the transformational strategies enacted in the previous phases do not stop. They continue, they continue to improve and these additional interventions are designed to build on them.

Specific Causal factors common to organisations breaking through this phase are:

- **Use of Rewards and Use of Punishment** – These two go hand in hand and appear strongly throughout the transformational stages. A Constructive culture is one on which people are rewarded for their effort, see a clear line of sight

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between effort and outcome and are encouraged to take 'moderate' risks, experiment, set stretch goals, and try 'new things', in the knowledge that they will not be punished for failing. There is an absence of blame with the focus is on achieving the task, not increasing personal security.

- **Goal Emphasis** – This is a key leadership Causal Factor. Leaders clearly role model the behaviours the organisation is striving to build. They 'believe' in the power of leadership and culture and work together to achieve excellence. Their behaviours are observably aligned with the organisation's stated values and they clearly articulate norms and expectations for excellence. People clearly know what is expected of them in order to fit in and get ahead and there is congruence between what is said and done.
- **Influence and Employee Involvement** – Now well past the 'programme' or 'intervention' stage, involvement has become the norm.
- **Feedback (from the job itself)** – Jobs are designed in ways that every member can see by simply doing their job, how well they are performing. Whilst coaching and supervisor feedback is desirable, individuals do not need to wait for this in order to tell how well they are performing. Jobs are designed in ways that performance indicators are built into the job and are self-evaluation is encouraged. This is key to building an Achievement culture that expects and encourages performance.
- **Upwards and Downwards Communication and Communication for Learning** – Operating as an integrated system, organisational communication flows freely up and down the organisation. Emphasis is on 'big picture' information rather than micro management and 'whole of business' information rather than business unit/individuals.

Outcomes associated with this movement

With an 18% overall movement in the Causal Factors, there is now a clear move towards the Constructive styles and away from the Defensive styles in the culture circumplex. As a consequence of this, the Outcomes jump a further 18% overall. At the individual level all measures improve, particularly **Motivation** with a further 38% increase. At the group level all indices improve, especially **Inter-Unit Coordination** (26%) and **Departmental Level Quality** (25%), and at the organisational level, **External Adaptability** improves by a further 25% and **Organisational Level Quality** by a further 28%.

Conclusion

This paper is not designed to offer a precise blueprint for culture change. Every organisation will have its own needs and improvement strategies. By analysing the data from the Organisational Effectiveness Inventory on organisations having achieved various stages of change however, we can identify certain common interventions and change strategies and the impact these have on culture and climate, particularly in terms of effectiveness outcomes.

By examining the improvements in the Causal Factors between the stages proposed in our earlier paper, *Stages of Organisational Consciousness: Part I*, and the phases proposed in this paper we can see certain interventions that seem to have significant impact within our local organisations.

The purpose of this paper is twofold: firstly to propose a re-examination of the six stages into three phases based on how the organisation interacts with its environment and to attempt to highlight what it is that organisations have successfully focused on to create transformative changes in its quest to become constructive.