The Climate for Transformation: Lessons for Leaders

Scott G. Isaksen

This article reports insights for organizational leaders based on a series of case studies describing the use of the Situational Outlook Questionnaire as a tool to assist them with their transformation efforts. Leaders often assert the need to change their organizational cultures. This article seeks to clarify and differentiate culture from climate, and then focus on what leaders can do to transform their climate by applying a deliberate assessment tool. As the case studies illustrate, making organizational transformation happen is best approached through a systemic or ecological approach. This approach includes considering the people involved, the methods deployed, the desired outcome of the change as well as the context within which the transformation occurs. The broadest concept within this framework is context, which includes both culture and climate, among other things. Since context is key to initiating and sustaining transformation, emphasis on the leader's role in climate creation will be provided.

Introduction

The challenges of innovation and change are facing everyone who leads and manages all types of organizations. A recent report from the Economist Intelligence Unit (2005) asserted:

> Predictions are perilous, but one thing we know for sure: the pace of change in the next five years will be relentless. The companies that best understand the dynamics of this change and adapt fastest to the emerging business landscape will be the likeliest to prosper. (p. 1)

We have argued that the most productive way to meet these challenges is by taking a systemic approach (Isaksen & Tidd, 2006). Previous efforts to manage transformation seemed to focus on only one of the main elements of the entire change system – and the dismal results have been well documented. Those who lead change often find that the actual change they are trying to implement is influenced by many other factors that make a difference. Taking a systemic approach to guiding change includes considering the people involved in the change, the method or approach you are taking and the situation surrounding the effort, as well as the desired outcomes.

Change and transformation require communicating a clear image of the desired outcome and results. The nature of this outcome has a meaningful impact on the other three factors. Considering the identification and use of diverse talents and styles of the people involved in the change is another key to success. The methods and approach taken to operationalize the change can have an impact as well. Finally, the nature of the context can indicate the readiness, willingness and ability to implement the change effort.

Each of these areas provides an entire and rich domain for inquiry and consideration. How much effort you choose to put into each one (or any) depends on how important the change is, and how much time, energy and resources you have. Any successful change effort will require some knowledge and use of all four of these areas (outcome, method, people and context). These areas form the basis of a systemic approach to change.

The practical systemic approach to managing change is consistent with the emerging ecological or interactionist approach to creativity research (Harrington, 1990; Isaksen, Puccio & Treffinger, 1993). This approach is based on the idea that the best way to understand and develop creativity is by considering the interaction of people, process, product and place.

The purpose of this article is to outline the importance of considering the context within the general system of change. Since context includes a number of key constructs, the next section will differentiate culture and climate as two key concepts within that larger domain. Leaders have a great deal of influence on the culture and climate, so we make the case for considering the implications of leadership behaviour. Three case studies will be presented that illustrate changes in the organizational climate and describe what was done, primarily from the perspective of leadership teams, to make these changes. The case study approach was chosen to explore how deliberate assessment of climate might assist leaders in transforming their organizations. The article will conclude with some general implications for leaders gleaned from these case studies and other related experiences.

One of the broadest factors to consider is the context for creativity, innovation and transformation. The word context can be taken to mean something as broad as society or national culture as well as something very limited, like the working climate within a team. Our first task is to differentiate between two of the most widely used terms within the general area of context: culture and climate.

The Context for Transformation

The context for transformation is the most broad and inclusive element within the change system. The construct of context allows us to interweave the various parts within the milieu or environment. When we think about the role of leaders in creating the context for change, we must be clear about what we mean. Many scholars have attempted to approach an improved understanding and assessment of the work environment, and have included many concepts and constructs within that broad heading (Amabile et al., 1996). Other scholars have studied the similarities and differences between organizational culture and climate to further advance our understanding of the creation and influence of social contexts in organizations (Denison, 1996).

Culture can be described as collective programming of the mind or, as Hofstede (1997) has called it, 'software of the mind'. This collective software of the mind distinguishes the members of one social group from another. Many writers see culture as something that is stable, deep, and reinforced by a history of decisions, use of power, and learned strategies for answering fundamental questions (Adler, 1991; Hofstede, 2001; Trompenaars & Hampden-Turner, 2004).

Organizational cultures should describe the shared mental programming of those within the same organization, particularly if they share the same nationality. According to Schein (1992) there are three main sources that form any organizational culture. First, there are the beliefs, values and assumptions of the founder. Next, the learning experiences of members as the organization evolves and grows can also influence culture. Third, organizational cultures can change as a result of new beliefs, values and assumptions brought into the organization from new members and leaders. The most profound of these tends to be the founding leaders. They have strong theories about how things should be done and these get tested early in the organization's life. If the organization makes it through the many early tests of the founder's theory the beliefs and assumptions of that founder exert a profound influence on the culture of the organization. If circumstances change, and those assumptions are no longer viable, then the organization must change its culture or die.

Organizational or corporate cultures can have a profound impact on their long-term economic impact. Kotter and Heskett (1992) found that those companies that intentionally and effectively managed their cultures consistently outperformed companies that did not. Companies were studied over a ten-year period, and those that managed their culture had a 682 percent increase in revenue compared to 166 percent for those that did not. Stock prices of the companies that managed their culture increased 901 percent compared to 74 percent for those that did not. Net income increased 756 percent versus only 1 percent for companies that left their culture to chance. The stakes appear to be very high when it comes to deliberate management of an organization's context.

Climate is defined as the recurring patterns of behaviour, attitudes and feelings that characterize life in the organization. At the individual level of analysis the concept is called psychological climate (Isaksen & Lauer, 1999; James & Sells, 1981). At this level, the concept of climate refers to the intrapersonal perception of the patterns of behaviour, attitudes and feelings as experienced by the individual. When aggregated, the concept is called work unit or organizational climate (Joyce & Slocum, 1984; Turnipseed, 1994). These are the objectively shared perceptions that characterize life within a defined work unit or in the larger organization. Climate is distinct from culture in that it is more observable at a surface level within the organization and more amenable to change and improvement efforts (McNabb & Sepic, 1995). Culture refers to the

deeper and more enduring values, norms and beliefs within the organization (Ekvall, 1996).

The domain for our inquiry into the climate for creativity and change is the organization. As such, it is influenced by the culture and a variety of other factors (see the Model for Organizational Change in Isaksen, Lauer, Ekvall & Britz, 2001). Together, these factors create the larger context, within which climate is one key intervening variable.

The climate for creativity and change is that which promotes the generation, consideration and use of new products, services and ways of working. This kind of climate supports the development, assimilation and utilization of new and different approaches, practices and concepts. Organizational climate is an intervening variable that affects individual and organizational performance due to its modifying effect on organizational and psychological processes. The climate is influenced by many factors within the organization and, in turn, affects organizational and psychological processes. Organizational processes include group problem solving, decision making, communication and coordination. Psychological processes include learning, individual problem solving, creating, motivating and committing. These components exert a direct influence on the performance and outcomes in individuals, working groups and the organization.

We believe that climate is more easily observed and influenced than culture. As Thomson (1998) has indicated:

> Changing the culture of an organization by tackling it head on as a single facet of organizational life if really, really tough. To go 'deep' into cultural change you have to be talking about beliefs and values, and these go to the very soul of the organization and its people. It is much easier to change the climate and language of the business. (p. 240)

Leader's Role in Climate Creation

Deliberate climate creation is the main responsibility of leadership within any organization. The reality is that all leaders within all organizations are already creating a climate, whether they do it deliberately or not (Shalley & Gilson, 2004). Unless leaders are totally invisible to others, what they say and do is observed by others and is the greatest influence on the perceived patterns of behaviour that characterize life and the atmosphere within the organization. Of all the factors that influence climate, leadership behaviour is generally the most potent (Amabile et al., 2004; Ekvall & Ryhammar, 1998; Ekvall, 1997). Ekvall reported that leadership behaviour accounts for anywhere from 40 to 80 percent of the variance in many of his studies. Creating a workplace atmosphere that allows for creative behaviour is one of the greatest opportunities for those who choose to meet the innovation and transformation challenge.

Davis (2000) studied 500 companies from seven countries in order to determine the capabilities that separate the top performers (those generating higher percentages of turnover from products and services developed within the previous five years) from the lower performers. The higher performers demonstrated a more inclusive and creative kind of leadership, took deliberate steps to manage their creative and idea management processes, and did not leave their climate or working atmosphere to chance. The study also clearly illustrated the value of taking a more systemic approach to change. Those with the highest percentage of turnover were doing more on all three capabilities. Davis (2000) also studied the idea management processes in a representative set of organizations in the sample. Those organizations earning more from new products and services were nurturing on average 115 ideas per day. The average organizations captured and managed 18 ideas per day. The lowest performing organizations only nurtured about one idea per day.

Support for an idea-rich environment is also provided by research into the success curves for industrial innovation. One study found that it took 3,000 raw ideas to produce one substantially new and commercially successful new product (Stevens & Burley, 1997). Although their research applied to most industries, they indicated that for others, including drug companies, the number of raw ideas may actually be higher (6,000–8,000).

Leaders create the working climate by using a variety of levers within the organization. For example, when leaders create and communicate mission and strategy they can influence the climate. Restructuring is one lever we have witnessed that is utilized very often to create change in the way people interact (perhaps an overused lever). By providing clear task requirements for projects and tasks, they can set the tone for the kind of change required.

We have already reported that founding leaders and managers of organizations have a profound effect on the culture, and therefore the climate of their organizations. Research and practice indicates that new and emerging leaders can also influence the climate within their teams, divisions or entire organizations. When it comes to meeting the challenge of organizational change, the interaction of

people with their situation is a key leadership issue (Sternberg & Vroom, 2002).

When leaders want to focus clearly and deliberately on creating the climate that supports change, creativity and innovation, they can apply a deliberate measure of the climate. The following sections of this article will focus on some case studies in which a variety of organizations have applied the Situational Outlook Questionnaire (SOQ) in a deliberate change effort. These case studies are not offered as absolute proof of the effectiveness of the SOQ, but are shared to help you better understand what it will likely take to make meaningful and significant changes in your climate.

Method

The following three case studies are drawn from three real organizational transformation efforts. The first case study provided the anchoring experience within which we observed the importance of leadership behaviour in implementing a change effort. For this case study we observed clear examples of how leaders dealt with the entire system of change as well as differences in their scores on the SOQ. The second and third case studies described not only the need for change and the actions taken to make the change happen; they also include the statistical tests of significance of difference in their climate scores. For all three case studies, the SOQ was used as the tool to examine and understand the climate surrounding the change effort. Each case includes a description of the organization or division as well as the actions undertaken and the results to date.

The SOQ is based on 50 years of research and development (Isaksen & Ekvall, 2006). It is based on Ekvall's early research and experience as an industrial psychologist (Ekvall, 1967, 1971; Ekvall, Arvonen & Waldenstrom-Lindblad, 1983). The measure contains 53 questions that assess nine dimensions of the climate for creativity as well as three open-ended narrative questions. The dimensions have been shown to be stable over time (Ekvall, 1993) and internally consistent (Isaksen, Lauer & Ekvall, 1999). The nine dimensions have been defined, as have the numerous factors that can affect the scores on the measure (Isaksen, Lauer, Ekvall & Britz, 2001). Studies have been conducted illustrating the validity of the SOQ as well as its ability to distinguish creative from non-creative teams (Isaksen & Lauer, 2001, 2002). The dimensions of the SOQ have been shown to distinguish organizations that have been more successful at innovation and change (Ekvall, 1996). The dimensions of the SOQ include:

- **Challenge/Involvement.** This dimension concerns the degree to which people are involved in daily operations, long-term goals and visions. High levels of challenge and involvement means that people are intrinsically motivated and committed to making contributions to the success of the organization. The climate has a dynamic, electric and inspiring quality. People find joy and meaning in their work, and therefore, they invest much energy. In the opposite situation, people are not engaged and feelings of alienation and indifference are present. The common sentiment and attitude is apathy and lack of interest in that work, and interaction is both dull and listless.

- **Freedom.** The freedom dimension reflects the level of independence in behaviour exerted by the people in the organization. In a climate with much freedom, people are given autonomy to define much of their own work. People are able to exercise discretion in their day-to-day activities. People take the initiative to acquire and share information; they make plans and decisions about their work. In the opposite climate, people work within strict guidelines and roles. People carry out their work in prescribed ways with little room to redefine their tasks.

- **Trust/Openness.** The trust and openness dimension refers to the degree of emotional safety in relationships. When there is a level of trust, individuals can be genuinely open and frank with one another. People can count on each other for personal support. People have a sincere respect for one another. Where trust is missing, people are suspicious of each other, and therefore they closely guard themselves and their ideas. In these situations people find it extremely difficult to openly communicate with each other.

- **Idea-time.** Idea-time is the amount of time people can use (and do use) for elaborating new ideas. In the high idea-time situation, possibilities exist to discuss and test impulses and fresh suggestions that are not planned or included in the task assignment. There are opportunities to take the time to explore and develop new ideas. Flexible timelines permit people to explore new avenues and alternatives. In the reverse case, every minute is booked and specified. The time pressure makes thinking outside the instructions and planned routines impossible.

- **Playfulness/Humour.** The playfulness and humour dimension focuses on the degree to which spontaneity and ease are displayed within the workplace. A relaxed atmosphere where good-natured jokes and frequent laughter occur is indicative of this dimension. People can be seen having fun at work. The atmosphere is seen as easy-going and light-hearted. The opposite climate is characterized by gravity and seriousness. The atmosphere is stiff and gloomy. Jokes and laughter are regarded as improper and out of place.
- **Conflict.** The conflict dimension is the only negative dimension within the SOQ. It refers to the presence of personal and emotional tensions in the organization. Groups and single individuals dislike and may even hate each other when the level of conflict is high. The climate can be characterized by 'interpersonal warfare.' Plots, traps, power and territory struggles are usual elements in the life of the organization. Personal differences yield gossip and slander. In the opposite case, people behave in a more mature manner; they have psychological insight and control of impulses. People accept and deal effectively with diversity.
- **Idea-support.** The idea-support dimension assesses the way new ideas are treated. In the idea-supportive climate, ideas and suggestions are received in an attentive and professional way by bosses, peers and subordinates. People listen to each other and encourage initiatives. Possibilities for trying out new ideas are created. The atmosphere is constructive and positive when considering new ideas. When idea-support is low, the automatic 'no' is prevailing. Every suggestion is immediately refuted by a destructive counter-argument. When idea-support is low, fault-finding and obstacle raising are the usual styles of responding to ideas.
- **Debate.** Debate refers to the occurrence of encounters and disagreements between viewpoints, ideas and differing experiences and knowledge. In the debating organization many voices are heard and people are keen to put forward their ideas for consideration and review. People can often be seen discussing opposing opinions and sharing a diversity of perspectives. Where debates are missing, people follow authoritarian patterns without questioning. Debate provides appropriate 'idea' tension as opposed to conflict that provides 'personal' tension.
- **Risk-taking.** Risk-taking is defined as the tolerance of uncertainty and ambiguity exposed in the workplace. In the high risk-taking case, bold new initiatives can be taken even when the outcomes are unknown. People feel as though they can 'take a gamble' on some of their ideas. People will often 'go out on a limb' and be first to put an idea forward. In a risk-avoiding climate there is a cautious, hesitant mentality. People try to be on the 'safe side.' They decide, 'to sleep on the matter.' They set up committees and they cover themselves in many ways before making a decision.

These nine dimensions of the SOQ are assessed through the use of 53 questions within the measure. The nine dimensions are scored on a scale from 0 to 300. Three open-ended narrative questions allow for the consideration of other meaningful factors within the context. These narrative questions allow us to contextualize the results of the SOQ.

Results

Case 1: A Symphony Orchestra

A major world-class orchestra in the North East of the United States had been invited to prestigious festivals all over the world. It was housed in an impressive building in the downtown area of a major metropolitan area and had over 100 musicians and 75 staff, and an operating budget of nearly $30 million. The orchestra had been in existence for over 100 years and had an excellent reputation and a programme for classical music, as well as Broadway, jazz and popular music.

We started working with the organization to help them develop a strategic architecture in 1997. In the process of this strategic planning effort, the leadership team identified a number of opportunities and threats facing the organization. One of the major threats was their over-reliance on the endowment to fund their operation. The leadership team identified 11 strategic growth opportunities and initiated a number of assessment efforts to determine their position in the market and their relevance to the community. Over the next year, the leadership team decided to involve their board and address a number of key strategic growth projects.

As a part of their effort to engage the entire organization in their change efforts, the SOQ was administered in January 1999. The following month, the results of the SOQ were shared with the entire staff and they participated in a workshop to identify improvements that would help the orchestra in the short, medium and long term. Follow-up workshops were held with the senior management team and each department. We assembled cross-functional teams to address the dimensions of

Table 1. A Symphony Orchestra

Dimension	Innovative Company Averages (N = 10 companies)	First Time Averages (N = 63)	Second Time Averages (N = 75)	Stagnated Company Averages (N = 5 companies)
Challenge	238	217	221	163
Freedom	210	149	152	153
Trust	178	154	165	128
Idea-time	148	109	108	97
Playfulness	230	172	180	140
Conflict	78	134	90	140
Idea-support	183	149	151	108
Debate	158	166	177	105
Risk-taking	195	104	112	53

Freedom, Idea-time, Conflict, Debate and Risk-taking. Each team identified actions that needed to be taken to improve the results on one dimension and presented to the senior management team.

A number of the actions were implemented over the next year. A leadership development workshop was held and included the senior management as well as department heads. Workshops on delegation and empowering people were held. The dress code was changed to allow for less formal attire during non-performance days. Staff meetings were restructured to allow for more participation and to encourage follow-up on many of the actions and projects. Emphasis was placed on more deliberate communication of the strategy and progress on the strategic goals. One team addressed the issue of staff shortages and more effective use of volunteers to ease the pressure of a very heavy workload. Another cross-functional team was charged with the task of 'unclogging the information arteries' by exchanging information across departments. The senior management team also chose to address the need to become less reliant on the endowment. They created a research and development function to explore numerous alternatives. They took a bold suggestion to the board to allow the symphony to extend beyond its education and non-profit mission and create some for-profit centres. For example, a retail store was created adjacent to the performance hall. Another project was created to review human resource practices and make improvements in staffing, pensions and personal and vacation time.

All of these efforts were linked with the overall strategy of the orchestra and addressed during special and regular meetings of the senior leadership and departments. The follow-up assessment of the SOQ, 21 months later, showed some improvement on most of the targeted dimensions (see Table 1).

During the presentation of the data on the second administration of the SOQ with the senior management team they noticed a major decrease in Conflict. They also noticed some improvement in Trust/Openness and Risk-taking. People were putting more thoughts and suggestions forward and the working relationships between managers and employees were improving. The quantitative scores were supplemented, once again, with narrative feedback from 75 people who took the assessment.

As a result of examining the quantitative and qualitative findings, they reported that people within the organization seemed much more receptive to the changes and the new strategic direction. The management team changed their perception of the employees to reflect much greater respect for their talents and motivations. Communication was improving within and across departments. They were also able to see an improvement in the over-reliance on their endowment.

The senior management team also identified necessary additional steps to be taken to continue to improve the organization's readiness, willingness and ability to implement the changes. They recognized that Idea-time had not improved. The feedback from the SOQ detailed the reasons for the lack of improvement being an ever-increasing workload and demands from the projects and community. At the time of writing, progress continues. But between the two administrations of the SOQ, they had increased the revenue and decreased dependency on the endowment to a large

degree and other new services and sources of revenue streams were under consideration.

Case 2: A Medical Technology Company

A Finnish-based global health-care organization had 55,000 employees and $50 billion in revenue. The division we worked with was located in the mid-west and employed 700 people. The mission was to develop, manufacture and market products for anesthesia and critical care.

During January 1999, the senior management team of the mid-west division conducted an SOQ assessment. They had been doing well on quality and operational excellence initiatives in manufacturing and had improved their sales and marketing results, but were still concerned that there were many other areas on which they could improve. They approached the SOQ assessment as a means to find out what was working well and what needed to be improved.

We held a workshop with the senior team to present the results and engage them to determine what they needed to do to improve their business. We met with the CEO prior to the workshop to highlight the overall results and share the department comparisons. She was not surprised by the results, but was very interested to see that some of the departments had different results.

During the workshop, the team targeted Challenge/Involvement, Freedom, Idea-time, and Idea-support as critical dimensions to improve to enable them to meet their strategic objectives. The organization was facing increasing competition in their markets and significant advances in technology. Although major progress had been made in the manufacturing area, they needed to improve their product development and marketing efforts by broadening involvement internally, cross-functionally and externally by obtaining deep consumer insight. The main strategy they settled upon was to 'jump start' their innovation in new product development for life support.

Key personnel in new product development and marketing were provided training in Creative Problem Solving (CPS), and follow-up projects were launched to apply the learning to existing and new projects. One project was a major investment in re-engineering their main product line. Clinicians were challenged with the current design of the equipment. The initial decision was to redesign the placement of critical control valves used during surgery. The project leader decided to apply CPS on the challenge and used a number of the tools to clarify the problem with the end users. The

sessions were videotaped and small-group sessions were held involving project team members from research and development as well as marketing. The result was a redefinition of the challenge: the re-engineering effort was shelved, thus saving the millions of dollars that this would have cost, in favour of the development of a new tactile tool to help the clinicians' problem of having their hands full.

During this process, the employees were involved in the working sessions and were able to observe progress due to a deliberate effort to display and communicate the results. Since the professionals in the research and development lab were also directly involved in obtaining and interpreting the consumer insight data, they understood the needs of the end users and displayed an unusually high degree of energy and commitment to the project.

There were other spin-offs as well. For example, other employees were trained in the tools and techniques and CPS. Many of the employees started taking other initiatives to transform their use of space into community sharing events and resources. On one visit to the facility we observed a resource exchange for employees with children in which they could purchase new learning games or exchange their used ones with each other. We also observed a much greater amount of cross-functional and informal working across departments. Some human resource personnel were replaced and new forms of reward and recognition were developed. Not only was there more consumer insight research going on, but there were also more and closer partnerships created with clinicians and end users of the products.

Another SOQ assessment was administered about 18 months later and the results are shown in Table 2. During this time, the CEO tracked revenue growth and profitability of the division and reported double-digit growth.

We had observed that there were differences in the means on the dimensions chosen by the leadership team of the symphony orchestra, so for this case, we decided to see if the changes in the climate results were significant and if the SOQ assessment scores were internally consistent. A one-way analysis of variance was computed for the means on each dimension, as well as Cronbach's alpha as a measure of internal consistency. These data are reported in Table 2.

Even though the leadership team targeted only four dimensions, there were improvements in other climate factors. Challenge/Involvement, Freedom, Idea-time and Idea-support did show significant improvements, as did Playfulness/Humor, Debate and

Table 2. A Medical Technology Company

Dimension	First Time Averages (N = 525)	Second Time Averages (N = 491)	Univariate F	Significance Level	Cronbach's Alpha
Challenge	166	180	15.58	0.001	0.88
Freedom	138	147	6.21	0.05	0.84
Trust	133	138	1.89	n.s.	0.74
Idea-time	109	126	21.05	0.001	0.87
Playfulness	155	166	7.45	0.01	0.89
Conflict	147	137	4.08	0.05	0.90
Idea-support	121	141	25.78	0.001	0.90
Debate	162	170	5.32	0.05	0.85
Risk-taking	108	119	10.63	0.001	0.78

Risk-taking. There was also a significant decrease in Conflict. Despite these significant changes over time, the SOQ dimensions demonstrated acceptable levels of internal consistency. This case, coupled with earlier cases and applications of the SOQ assessment approach provided an increasing degree of confidence that the measure could be very useful for informing and guiding change efforts.

Case 3: An Electrical Engineering Division

This organization was a division of a large, global electrical power and product supply company headquartered in France. The division was located in the South East of the United States and had 92 employees. Its focus was to help clients automate their processes, particularly within the automotive, pharmaceutical, microelectronics and food and beverage industries. For example, this division would make the robots that put cars together in the automotive industry or provide public filtration systems.

When this division was merged with the parent company in 2002, it was losing about $8 million a year. A new general manager was brought in to turn the division around and make it profitable quickly. The general manager attended a senior management development programme and learned about the SOQ. He decided that this measure and approach might be helpful to him and his team when doing a short-term turnaround.

In August 2002, the first general climate assessment was conducted with all the employees of the division. The management team worked to integrate the results of the SOQ with their current understanding of what was needed to make the turnaround work. The team reviewed the results and identified that

they were strongest on the Debate dimension but were very close to the stagnated norms when it came to Challenge/Involvement, Playfulness/Humor and Conflict. They indicated that the quantitative and qualitative assessment results were consistent with their own impressions that the division could be characterized as conflict-driven, uncommitted to producing results, and that people were generally despondent.

The leadership decided, after some debate, that they should target Challenge/Involvement, Trust/Openness, Playfulness/Humor and Conflict in order to help them implement the needed turnaround. They set a very specific target of obtaining a score of 195–205 on Challenge/Involvement. This dimension also fit the strategic emphasis on a global initiative on employee commitment. We were a little uncertain about their ability to deliberately affect the Trust/Openness dimension due to the lack of a significant improvement with the previous cases. It was clear to them that they needed to soften the climate and drive a warmer, more embracing, communicative and exuberant climate. They developed and then implemented a plan for short-term climate change.

They committed to increase communication by holding monthly all-employee meetings, sharing quarterly reviews on performance and using cross-functional strategy review sessions. They implemented mandatory 'skip level' meetings to allow more direct interaction between senior managers and all levels of employees. The general manager held 15-minute meetings with all employees at least once a year. All employee suggestions and recommendations were invited and feedback and recognition was required to be immediate. A new monthly recognition and rewards

Table 3. An Electrical Engineering Division

Dimension	First Time Averages (N = 75)	Second Time Averages (N = 77)	Univariate F	Significance Level	Cronbach's Alpha
Challenge	171	204	12.50	0.001	0.87
Freedom	156	160	0.16	0.695	0.84
Trust	138	163	8.32	0.004	0.75
Idea-time	112	124	1.13	0.290	0.86
Playfulness	132	154	5.89	0.016	0.89
Conflict	137	94	14.85	0.000	0.90
Idea-support	135	158	5.51	0.020	0.91
Debate	165	184	4.26	0.041	0.86
Risk-taking	125	134	0.91	0.341	0.78

programme was launched across the division for both managers and employees that was based on peer nomination.

At a time when making the division profitable was the highest priority, the management team re-established training and development and encouraged employees to engage in both personal and business-related skills development. They also provided mandatory safety training for all employees.

Another category of initiatives included providing a clear and compelling mission, strategy and values for the division. The management team formed employee review teams to challenge and craft the statements in the hope of encouraging more ownership and involvement in the overall strategic direction of the business.

In general, they focused on relaxing the climate. They used the suggestions provided by the narrative parts of the survey to identify actions that needed to be taken. They modified rules regarding the dress code, adapted more flexible working hours, and allowed plants and flowers in the workplace. They scheduled parties and social events, and fostered open debate and feedback without repercussions. Managers who could not follow the new behavioural norms were coached and some were removed from their positions. It was critical to encourage everyone to understand how their specific role and responsibilities fit into the overall flow of the business so they did extensive work on detailing the definition of roles and process ownership. Their stated aim was to create an unstoppable 'bubble of excellence' in North America and to challenge the 'tyranny of the average'.

In September 2003, the leadership team wanted feedback on how they were doing in their efforts to change the climate, so they requested a second administration of the SOQ. The results of this second assessment, along with the comparison to the first, are included in Table 3. Again, we computed one-way analyses of variance on the means of the dimensions as well as Cronbach's alpha to assess internal consistency.

The four dimensions they targeted (Challenge/Involvement, Trust/Openness, Playfulness/Humor and Conflict) improved significantly. In addition, two additional dimensions (Idea-support and Debate) showed significant improvement, even though they were not specifically targeted. The Conflict dimension showed the largest change in the more positive direction ($t = 3.85$, 150df, $p < 0001$). We also noticed a significant improvement on the Trust/Openness dimension. This could have been the result of the level of intensity with which management drove the climate change. Once again, despite the significant changes in most of the SOQ dimensions, we found acceptable levels of internal consistency within the measure.

The division showed a $7 million turnaround in 18 months and has now begun to deliver profit much closer to projections. In 2003, the division won a worldwide innovation award. They are building specific innovation metrics into their balanced scorecard and continue to identify areas of improvement, despite a promotion of the general manager to a national position.

Implications for Leaders

Each of the organizations identified above were very different. Despite the different

purposes, industries and sizes, there were some common themes that may help leaders take deliberate efforts to improve their own climate. These themes were derived from looking across all three case studies.

Leaders and managers accepted their key role. In each case, those charged with the strategic responsibility and day-to-day work owned up to their role in climate creation. They faced both the good and bad news that came with the assessment and then focused on what needed to be done to make improvements.

Those who owned up to change, and took their sponsorship and clientship responsibilities seriously were able to accomplish their desired outcomes, involve people and make progress on their deliberate methods. Having access to climate data helped them celebrate what was working and remove the barriers within the context to create an atmosphere conducive to the release of creativity. They did not try to discount the data or measure (or the people presenting them). Instead, they faced the reality of the climate data with a positive attitude.

Leaders focused on interpretation and integration. The leaders and managers sought to understand both the numbers and narrative results and then carefully considered which dimensions and actions could help them move the organization forward.

Climate creation was not a goal or objective all on its own. The results from the SOQ assessment served to provide leadership teams with important insights to help them look at the current organizational context in light of the direction they needed to go, the quality of the working relationships among people, and how well their current methods or approaches were working. Based on these insights, the leadership teams were able to engage others (usually on a cross-functional level) to make the necessary changes and improvements.

Leaders targeted key dimensions. In each case the leadership and management teams selected dimensions of climate that were critical to their own unique purposes and markets. The SOQ provides quantitative data on nine dimensions and narrative comments and themes in response to what is helping or hindering creativity and what specific actions need to be taken to improve the situation. This amount of information could overwhelm an already overburdened management team. The teams in these cases certainly paid attention to all the data, but they were able to take advantage of the understanding of the business needs and integrate these with the critical insights about the climate. As a result, they focused their efforts on a selected number of high priority dimensions and actions that helped them achieve results and improve the climate.

Leaders demonstrated follow through. Each of these cases demonstrated the value of taking actions over time. Rather than using the SOQ as a report card or a short executive intellectual exercise, the management teams understood that it was all about changing behaviour. This often required the leaders to transform their own behaviour first, but this nearly always cascaded through the organization. Rather than thinking that climate creation was a single event, they knew that this kind of work was a process or journey – and they stayed the course.

In each of the cases, leaders maintained the focus on their climate improvement efforts even when their teams were busy with other important day-to-day tasks and issues. Maintaining this focus sent clear messages to other members of the management team, and throughout each of the organizations.

Leaders used external resources. Although the ultimate value of any climate assessment must be internally relevant to the organization, each of these organizations saw value in using an external assessment that was normative; and having the results presented and interpreted by an objective outsider.

Each of the senior leaders and members of the management teams realized the benefit of using a well-developed assessment tool and qualified individuals who knew how to use the measure to help obtain results. Having access to clear benchmarks and, often, results from other organizations in similar industries, helped the management teams and employees understand the importance and value of the climate creation efforts.

Our experience has shown that it is helpful to work with a qualified user of the SOQ. One very large organization with which we work conducted an SOQ assessment within one of its divisions. When the results were shared the key leaders wanted to focus on only those dimensions on which they scored below the more productive norm. What they missed was the most significant (and meaningful) difference: that they were scoring well above an appropriate score for Debate. The heart of their need for improvement turned out to be the productive avoidance created by too many diverse opinions and no clear strategic direction. This was confounded by the fact that most people in the division really enjoyed a good debate. It certainly was more fun than doing any productive work!

Having a qualified user apply the results of the SOQ to help a management team understand, and then act on, their results provide a

more objective perspective and, in each of these cases, was a factor in their success.

Limitations

There are numerous limitations to using a case study approach to derive suggestions for leaders of organizations. Although we have used the SOQ with numerous other organizations, we only provide three cases in this article. Other applications of the SOQ support the insights gleaned from these case studies, but they are offered here as preliminary results and should be the subject of further research. Further, only two of these case studies were analysed quantitatively for significance levels and internal consistency. The insights gleaned from these examples may not be generalizable to other organizations.

As with other forms of case study, we were guided by our central question regarding how deliberate climate assessment may help leaders transform their organizations, but we did not have direct control over all of the events and activities within the organizations we examined. Factors other than those we observed could have had influence over the changes in the climate within these organizations. If anything, this limitation argues for taking a systemic approach.

Although we attempted to mitigate observer bias by employing teams of professionals and checking our observations with others within the organizations, the results and suggestions must be considered exploratory and preliminary. There is much more research that needs to be accomplished in order to provide more definitive answers to our central question.

Conclusions

Leaders and their behaviour are a major force in creating the context for change and creativity. The purpose of this article has been to outline a number of other factors that can make a difference as well as share some specific strategies that can be employed to improve the situation. Rather than focus on only one strategy, it may be helpful to have a number at your disposal (Kotter, 1999).

The key is to examine the situation. This examination can be done from a cultural perspective and from the point of view of values such as those surrounding the use of power, dealing with uncertainty, the tension between individuals and community, and masculine-feminine issues (Offerman & Hellman, 1997). Deliberate situational examination can also be done through the lens of climate, particularly

when the assessment incorporates multiple methods (closed-ended quantitative questions and open-ended narrative questions). From this examination of the culture and climate, a better decision regarding the use of any particular strategy can be made (Coyne & Subramanian, 1996).

The value in using a deliberate assessment approach is that leaders can increase the likelihood that they will consider more factors while guiding significant change. Knowing more about the situation will help leaders decide how quickly they need to take action, the necessary level of preplanning, and the degree of involvement from others.

The experiences outlined above indicate that the SOQ helps leaders and managers understand the readiness, willingness and ability to transform their organizations. The SOQ has shown that it measures nine key dimensions of a climate that supports creativity and change. In addition, the narrative section picks up other relevant factors and points out unique ingredients within the situation that can really make a difference (Sobieck, 1996). As a result, the SOQ offers an excellent starting point to help leaders understand the situational outlook surrounding the change effort they wish to implement.

The SOQ has also been applied to help develop leaders. A number of organizations have incorporated the SOQ as an assessment in their leadership development programmes. The participants in these programmes take the SOQ as a self-assessment and then invite those who are good observers of their leadership behaviour to take the assessment as well, prior to the programme. During the programme the participants are provided with their quantitative and qualitative results so they can compare them with those of their observers. They can also compare their results with the norms from innovative versus stagnated organizations and best- and worst-case teams. The exercise usually provides those who are developing their leadership talents with powerful insights and implications for further skill development and behaviour change.

Our intention is to continue to conduct research using the SOQ, in conjunction with other measures and in real-life contexts. This article presents an early attempt to better understand how such an assessment may help those who lead and manage transformation efforts.

Innovation hosted by the Academy of Humanities and Economics in Lodz, Poland during September 2005. The author would like to thank the participants in this session. Special thanks go to Ken Lauer who assisted with the statistical analysis. Thanks also to K. Brian Dorval and the group of reflective practitioners who assisted with the observations during each of the cases.

References

Adler, N.J. (1991) *International Dimensions of Organizational Behavior* (2nd edn). Boston, MA: PWS-KENT Publishing.

Amabile, T.M., Conti, R., Coon, H., Lazenby, J. and Herron, M. (1996) 'Assessing the Work Environment for Creativity'. *Academy of Management Journal*, 39, 1154–84.

Amabile, T.M., Schatzel, E.A., Moneta, G.B. and Kramer, S.J. (2004) 'Leader Behaviors and the Work Environment for Creativity: Perceived Leader Support'. *The Leadership Quarterly*, 15, 5–32.

Coyne, K.P. and Subramanian, S. (1996) 'Bringing Discipline to Strategy'. *The McKinsey Quarterly*, 4, 3–12.

Davis, T. (2000) *Innovation and Growth: A Global Perspective*. London: PricewaterhouseCoopers.

Denison, D.R. (1996) 'What is the Difference Between Organizational Culture and Organizational Climate? A Native's Point of View on a Decade of Paradigm Wars'. *Academy of Management Review*, 21, 619–54.

Economist Intelligence Unit (2005) *Business 2010: Embracing the Challenge of Change – A Report of the Economist Intelligence Unit Sponsored by SAP*. London: The Economist.

Ekvall, G. (1967) *Industrial Suggestion Schemes: Studies Concerning their Psychological Background*. Stockholm, Sweden: The Swedish Council for Personnel Administration.

Ekvall, G. (1971) *Creativity at the Place of Work: A Study of Suggestors and Suggestion Systems in the Swedish Mechanical Industry*. Stockholm, Sweden: The Swedish Council for Personnel Administration.

Ekvall, G. (1993) 'Creativity in Project Work: A Longitudinal Study of a Product Development Project'. *Creativity and Innovation Management*, 2, 17–26.

Ekvall, G. (1996) 'Organizational Climate for Creativity and Innovation'. *European Journal of Work and Organizational Psychology*, 5 (1), 105–23.

Ekvall, G. (1997) 'Organizational Conditions and Levels of Creativity'. *Creativity and Innovation Management*, 6 (4), 195–205.

Ekvall, G. and Ryhammar, L. (1998) 'Leadership Style, Social Climate and Organizational Outcomes: A Study of a Swedish University College'. *Creativity and Innovation Management*, 7, 126–30.

Ekvall, G., Arvonen, J. and Waldenstrom-Lindblad, I. (1983) *Creative Organizational Climate: Construction and Validation of a Measuring Instrument*.

(Report 2). Stockholm, Sweden: FArådet – The Swedish Council for Management and Work Life Issues.

Harrington, D.M. (1990) 'The ecology of creativity: A psychological perspective'. In Runco, M.A. and Albert, R.S. (eds.), *Theories of Creativity*. Beverly Hills, CA: Sage, pp. 143–69.

Hofstede, G. (1997) *Cultures and Organizations – Software of the Mind: Intercultural Cooperation and its Importance for Survival*. New York: McGraw-Hill.

Hofstede, G. (2001) *Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations*. Thousand Oaks, CA: Sage.

Isaksen, S.G. and Ekvall, G. (2006) *Assessing your Context for Change: A Technical Manual for the Situational Outlook Questionnaire – Enhancing Performance of Organizations, Leaders and Teams*. Buffalo, NY: The Creative Problem Solving Group.

Isaksen, S.G. and Lauer, K.J. (1999) 'The Relationship Between Cognitive Style and Individual Psychological Climate: Reflections on a Previous Study'. *Studia Psychologica*, 41, 177–91.

Isaksen, S.G. and Lauer, K.J. (2001) 'Convergent Validity of the Situational Outlook Questionnaire: Discriminating Levels of Perceived Support for Creativity'. *North American Journal of Psychology*, 3, 31–40.

Isaksen, S.G. and Lauer, K.J. (2002) 'The Climate for Creativity and Change in Teams'. *Creativity and Innovation Management*, 11, 74–86.

Isaksen, S.G. and Tidd, J. (2006) *Meeting the Innovation Challenge: Leadership for Transformation and Growth*. Chichester, UK: Wiley.

Isaksen, S.G., Puccio, G.J. and Treffinger, D.J. (1993) 'An Ecological Approach to Creativity Research: Profiling for Creative Problem Solving'. *Journal of Creative Behavior*, 23 (3), 149–70.

Isaksen, S.G., Lauer, K.J. and Ekvall, G. (1999) 'Situational Outlook Questionnaire: A Measure of the Climate for Creativity and Change'. *Psychological Reports*, 85, 665–74.

Isaksen, S.G., Lauer, K.J., Ekvall, G. and Britz, A. (2001) 'Perceptions of the Best and Worst Climates for Creativity: Preliminary Validation Evidence for the Situational Outlook Questionnaire'. *Creativity Research Journal*, 13(2), 171–84.

Kotter, J.P. (1999) *John P. Kotter on What Leaders Really Do*. Boston: Harvard Business School Press, p. 43.

Kotter, J.P. and Heskett, J.L. (1992) *Corporate Culture and Performance*. New York: The Free Press.

James, L.R. and Sells, S.B. (1981) 'Psychological Climate: Theoretical Perspectives and Empirical Research'. In Magnusson, D. (ed.), *Toward a Psychology of Situations: An International Perspective*. Hillsdale, NJ: Erlbaum, pp. 275–95.

Joyce, W.F. and Slocum, D. (1984) 'Collective Climate: Agreement as a Basis for Defining Aggregate Climates in Organizations'. *Academy of Management Journal*, 27, 721–42.

McNabb, D.E. and Sepic, F.T. (1995) 'Culture, Climate and Total Quality Management: Measuring Readiness for Change'. *Public Productivity and Management Review*, 18, 369–85.

Offerman, L.R. and Hellmann, P.S. (1997) 'Culture's Consequences for Leadership Behavior: National

Values in Action'. *Journal of Cross-Cultural Psychology*, 28, 342–51.

Schein, E.H. (1992) *Organizational Culture and Leadership* (2nd edn). San Francisco: Jossey-Bass.

Shalley, C.E. and Gilson, L.L. (2004) 'What Leaders Need to Know: A Review of Social and Contextual Factors that can Foster or Hinder Creativity'. *The Leadership Quarterly*, 15, 33–53.

Sobieck, M.A. (1996) *Examination of Cross-site Narrative Responses on the CIQ and SOQ*. Unpublished master's thesis, State University College at Buffalo, New York.

Sternberg, R.J. and Vroom, V. (2002) 'The Person Versus the Situation in Leadership'. *The Leadership Quarterly*, 13, 301–23.

Stevens, G.A. and Burley, J. (1997) '3,000 raw ideas = 1 commercial success'. *Research Technology Management*, 40, 16–27.

Thomson, K. (1998). *Emotional Capital: Maximising the Intangible Assets at the Heart of Brand and Business Success*. Oxford, UK: Capstone.

Trompenaars, F. and Hampden-Turner, C. (2004) *Managing People across Cultures*. West Sussex, England: Capstone.

Turnipseed, D. (1994) 'The Relationship Between the Social Environment of Organizations and the Climate for Innovation and Creativity'. *Creativity and Innovation Management*, 3, 184–95.

Dr Scott Isaksen (sgiaway@cpsb.com) is President of the Creative Problem Solving Group, Inc. and Senior Fellow of its Creativity Research Unit (CRU). The main research thrust of this unit is examining a systemic or ecological approach to understanding creativity and innovation. Aside from applying a systemic approach to Creative Problem Solving, CPS version 6.1(tm), the CRU also uses the SOQ and VIEW: An Assessment of Problem Solving Style, to better understand what works for whom, under what circumstances.