The Climate Analysis Process

Participant Materials
INTRODUCTION

Organisational Climate is the ‘atmosphere of the workplace’, people’s perceptions of what it feels like to work in a particular team or organisation.

Organisational Climate represents the outcomes that result from a series of factors, most importantly the behaviour of the manager, but also the Organisational Structure, Job Design and Processes.

Organisational Climate is not culture. Whilst Organisational Climate is what it feels like to work here, culture is the way we do things around here. Culture may in itself be an influencing factor on the resulting Organisational Climate.

Research shows that Organisational Climate is the major predictor of performance in organisations, increasingly so where that performance depends directly on the contribution of individual employees. For example, where attributes such as customer service, resilience, innovation or risk taking are key indicators of organisational performance, employees cannot be ‘coerced’ to perform.

Organisational Climate motivates or demotivates ‘Discretionary Effort’ in individual employees. ‘Discretionary Effort’ is the difference between what an individual has to do to keep their job and what they are truly capable of. This is not just about the quantity of work that they do, but also the quality.

Our research shows that an effective Organisational Climate represents the key condition that will enable an organisation to perform successfully. Our experience with a wide range of international organisations has strongly established the performance relevance of Organisational Climate. High Organisational Climate equates to high performance; low Organisational Climate equates to low performance.

There are six principal aspects of Organisational Climate which most impact people’s performance. We describe these as The Six Dimensions of Organisational Climate and are as follows:

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Description</th>
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<tr>
<td><strong>Clarity</strong></td>
<td>The extent to which people fully understand the long-term direction of the organisation; are able to see the alignment of their and their colleagues' activities to that long-term direction and have a clear sense of drive, focus and the way forward.</td>
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<td><strong>Challenge</strong></td>
<td>The level to which people feel that objectives are truly stretching, but attainable, cultivating a drive for excellence; that they are encouraged to try new approaches and take calculated risks.</td>
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<td><strong>Change Orientation</strong></td>
<td>The sense of how well the organisation responds to change; to what extent people are enthusiastic and ready to embrace change; unnecessary procedures are kept to a minimum and people are prepared to question established ways of doing things.</td>
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<td><strong>Autonomy</strong></td>
<td>The extent to which people are able to get on with their jobs and take decisions without checking with their boss; they feel accountable for the outcomes of their work and are prepared to operate outside the strict remit of the role to deliver results.</td>
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<tr>
<td><strong>Recognition</strong></td>
<td>The degree to which reward is directly and differentially related to performance; people know how well they are doing and feel their contribution is valued and appreciated.</td>
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<td><strong>Involvement</strong></td>
<td>The level of importance that is attributed to the role of the team; there is a shared commitment and sense of alignment to team goals; there is trust amongst the team, pride in being part of the team and a clear sense that incremental value is added by working as a team.</td>
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The Integrated Framework™ illustrates the direct link that exists between Organisational Climate and performance and shows the key factors that influence Organisational Climate. These influencing factors are referred to as the change levers and are:

- Organisational Structure: the organisation, the nature of people’s jobs, how they are constructed and experienced.
- Leadership Approaches: how leaders behave
- Team Processes: the nature of processes that occur in an organisation, i.e. decision-making, communication, efficiency, standards and business planning

The basic premise behind the Integrated Framework™ is as follows: Leadership Behaviour drives Organisational Climate, the outcome of that Organisational Climate is enhanced behaviour of the broader population and thus overall improved business performance. The link between Leadership Approaches, Organisational Structure and Team Processes is reciprocal. How a leader behaves impacts the Organisational Structure and Team Processes, and these in turn impact Leadership Behaviour. A deficiency in any one of the levers influences the others and negatively impacts Organisational Climate. The Organisational Structure and Team Processes are accountabilities of the manager and are influenced by the manager, just as their own behaviour is.
The Climate Analysis Process

Climate Analysis is an approach designed to explore the issues underlying Organisational Climate data and to generate recommendations focused on improving or maintaining the Climate and thus performance. It represents an opportunity to deliver a key intervention in an overall change process with a view to shaping the change agenda.

It can be used in several situations and in a variety of forms relating to:

- A combination of individual development and organisational change
- Major organisational change and transition
- A follow up step to individual development

**Purpose**

To make specific recommendations to improve the Organisational Climate experienced by a group and the broader senior leadership team, so enhancing personal and business performance.

**Critical Success Factors**

- Total openness and trust
- Collective ownership of and commitment to the outcomes
- Sticking to the process
- Engaging in all steps of the process

**Steps**

**Individual event generation**

Workshop participants brainstorm from their own experiences examples of specific situations which have impacted their performance in positive and negative ways. These events are then allocated to a specific Organisational Climate dimension.

**Small group theme analysis**

The overall workshop group splits into small groups with each group taking one or two of the Climate dimensions (with brainstorm event generation attached). From this data the small group identifies the personal/organisational themes that are represented by the event generation in the context of the Organisational Climate dimension.

**Main group prioritisation**

Small groups will have identified anything up to 12-15 themes that represent potential areas of required action. The task now for the main group is to prioritise these themes. This is achieved through multi-voting.

**Small group problem solving**

Back in small groups the task is to problem solve by identifying and thinking through practical solutions that will address the prioritised themes.

**Main group commitment**

The group as a whole now needs to agree its recommendations and the presentation it will make to their Senior Management.

**Presentations to Senior Management**

The group needs to develop its presentation and then deliver its analysis and relevant recommendations to the senior management/executive it reports to.
Case Study

This case study relates to work we did with a US-based lubricants manufacturing plant. A new General Manager had taken over the plant and was seriously concerned about its performance on several levels:

- Operating costs were high
- Staff satisfaction was low
- Productivity was low

The GM was keen to address the performance problems. Serious issues prevailed between the plant’s manufacturing staff and its management. There was a deep level of mistrust on behalf of the employees towards the management and employees felt unappreciated for their performance.

Poor Organisational Climate in the workforce was clearly having a knock-on impact on performance. For the plant to directly address the performance problems it had to pay attention to its people and address the issues in Organisational Climate. Employee morale needed to be improved and the antagonism with management needed to end.

Phase One

Organisational Climate was measured at time one through all the plant’s employees completing the Organisational Climate questionnaire. The results showed low levels of Organisational Climate across all six dimensions with particularly low scores in Autonomy, Recognition and Involvement.

Phase Two

Climate Analysis Process workshops were organised to include all Plant employees. Based on the Organisational Climate, groups worked through all stages of the Climate Analysis Process, discussing the data, identifying themes that contributed to the poor Climate and making clear, actionable recommendations to the plant’s management for addressing the issues. Plant management then began to implement the actions within one month of the workshops.

Sample Actions Taken

- An employee of the month award was set up and a recognition committee including representatives from the plant employees with control over allocated budget was formed
- A series of events and processes were set up to increase contact between the plant’s staff and its customers and suppliers
- Total quality management training was given to all staff and several natural work teams, or quality circles, were set up
- A staff lounge was created
- A weekly newsletter was introduced with input from across the plant

Figure 2: Organisational Climate at Time One
Phase Three and Findings

12-18 months after phase one, Organisational Climate was re-measured using the same survey methodology. Substantial, statistically significant increases in Organisational Climate were recorded in all dimensions. Most notably, Autonomy, Recognition and Involvement - which had been rated as lowest at the time of the first measurement - showed the greatest increase. These dimensions had been the most targeted in the plant’s actions to improve Organisational Climate and performance. In addition, it was suggested that the enhanced Clarity gained from all staff members working towards the same thing, i.e. “The Best Customer Service at the Lowest Possible Cost” had united the workforce in a common goal.

Through comparison of performance measures at the time of the initial Climate survey with performance measures 18 months later when the second survey was carried out, Organisational Climate was found to be associated with a significant improvement in the performance of the plant (see Table 1).

In addition to the formally measured improvements in productivity and operating costs, improved response times to customer orders, the winning of new contracts and public opinion suggested that customer service had greatly improved. Plant management put a considerable amount of the success in overcoming the employee-management relationship, employee morale and performance improvement down to the Organisational Climate Analysis process, the discussions that it stimulated and the actions that were agreed as a result of the discussions.

Figure 3: Organisational Climate at Time Two, 18 Months After the Initial Survey

<table>
<thead>
<tr>
<th></th>
<th>Gallons per hour</th>
<th>Cents per Gallon</th>
<th>Manpower Expenses (per month)</th>
<th>Operating Expenses (per month)</th>
<th>Volume Related Expenses (per month)</th>
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<tbody>
<tr>
<td><strong>Time One</strong></td>
<td>550</td>
<td>28.1</td>
<td>$1.9 million</td>
<td>$1.5 million</td>
<td>$1.2 million</td>
</tr>
<tr>
<td><strong>Time Two</strong></td>
<td>680</td>
<td>26.8</td>
<td>$1.7 million</td>
<td>$1 million</td>
<td>$1 million</td>
</tr>
<tr>
<td><strong>Difference</strong></td>
<td>23.6% increase</td>
<td>7% saving</td>
<td>$200,000 saving</td>
<td>$500,000 saving</td>
<td>$200,000 saving</td>
</tr>
</tbody>
</table>

Table 1: Performance Measures Comparison Table