

# **Exploring the latest paradigm shift in organizational consciousness development, by using the framework from Reinventing Organizations**

- A qualitative case study at Kvadrat

Malin Andersson  
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Exploring the latest paradigm shift in organizational consciousness development, by  
using the framework from Reinventing Organizations

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## ABSTRACT

**Title** Exploring the latest paradigm shift in organizational consciousness development, by using the framework from Reinventing Organizations

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**Issue of study** A high level of organizational consciousness is needed to face the complex challenges in today's world. A growing body of research indicates the relationship between a higher level of organizational consciousness and performance.

Frederic Laloux, author of *Reinventing Organizations* (2014), has created a five stage framework to describe how organizational forms are related to consciousness development. From an organizational perspective, each new level of consciousness has introduced new breakthrough ideas, creating abilities to face more complex challenges and achieve results of unprecedented scale. Laloux's work is referred to as significant, as it covers five levels of organizational consciousness and culture, different organizational structures and multiple lines of development. Laloux has focused on the latest societal transformation, the fifth stage called *Evolutionary-Teal*, which is emerging as people seek for a more powerful, more soulful and more meaningful way of work together.

Laloux's framework from *Reinventing Organizations* will be referred to the RIO framework in this thesis. There are, to the author's knowledge, no study that has empirically examined the applicability of the RIO framework.

The case company of this thesis, Kvadrat, fits well to examine the applicability of the RIO framework. Kvadrat was founded on the urge to create a new type of organization, which would reinvent how consultancy firms operates.

- Purpose** The purpose of this thesis is two-folded:  
P1. Examine the applicability of the RIO framework  
P2. Contribute to Kvadrat's self-awareness
- "Examine the applicability" refers to research the applicability of RIO, by applying RIO on an empirical case. As a consequence, this thesis will also examine RIO's ability to determine Kvadrat's stage of consciousness with the purpose to contribute to Kvadrat's self-awareness.
- Methodology** A qualitative case study with a deductive approach was conducted, beginning with the development of an analysis matrix to form the interview guide. Empirical data was collected through semi-structured interviews, company-specific documents and a discussion regarding the findings with 130 members of the case company. The theoretical foundation for the RIO framework, and in particular the highest stage, *Evolutionary-Teal*, was investigated through literature research.
- Conclusion** Laloux's framework from *Reinventing Organizations* was possible to apply on the case company Kvadrat. The result shows that Kvadrat's stage of consciousness mostly corresponds to the fourth stage, with a touch of the fifth stage, *Evolutionary-Teal*, in the RIO framework. The framework provided the case company with a new perspective to perceive itself. Introducing RIO and the company's position within it thereby contributed to Kvadrat's self-awareness. Further on, the theoretical bridge between the fifth and highest stage, *Teal*, and the underlying theories has been identified.
- Key words** Consciousness development, Organizational development, Reinventing Organizations, Teal organizations



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Lund, May 2015

Malin Andersson and Martina Nordenson

## TABLE OF CONTENTS

<b>1. INTRODUCTION</b> .....	<b>1</b>
1.1 BACKGROUND.....	1
1.2 REINVENTING ORGANIZATIONS .....	2
1.3 THE KVADRAT COMPANY.....	3
1.4 PROBLEM STATEMENT.....	4
1.5 PURPOSE .....	5
1.6 RESEARCH QUESTIONS .....	5
1.7 DELIMITATIONS.....	5
1.8 DISPOSITION.....	5
<b>2. CASE DESCRIPTION</b> .....	<b>8</b>
2.1 THE FOUNDATION OF KVADRAT .....	8
2.2 KVADRAT'S BUSINESS MODEL.....	8
2.3 CORPORATE VALUES .....	9
2.3.1 <i>Kvadrat's 4K</i> .....	10
2.4 DAILY LIFE AT KVADRAT .....	10
<b>3. METHODOLOGY</b> .....	<b>11</b>
3.1 PART 1: APPROACHES.....	12
3.1.1 <i>Qualitative Method</i> .....	12
3.1.2 <i>Deductive approach</i> .....	12
3.1.3 <i>Case study design</i> .....	12
3.1.4 <i>Selection of case</i> .....	13
3.2 PART 2: DATA COLLECTION .....	14
3.2.1 <i>Empirical collection</i> .....	14
3.2.2 <i>Company-specific documents</i> .....	14
3.2.3 <i>Interviews</i> .....	15
3.2.4 <i>Selection of interviewees</i> .....	16
3.2.5 <i>Interview guide</i> .....	16
3.3 PART 3: ANALYSIS OF COLLECTED DATA .....	17
3.3.1 <i>Creating an analysis matrix for empirical data</i> .....	17
3.3.2 <i>Analysis of empirical results, using the analysis matrix</i> .....	18
3.3.3 <i>Analysis of empirical results, in relation to the Teal three breakthroughs</i> .....	18
3.4 PART 4: EVALUATION AND VALIDATION OF THE RIO FRAMEWORK .....	19
3.4.1 <i>Empirical evaluation of the applicability of the RIO framework</i> .....	19
3.4.2 <i>Empirical evaluation if RIO can contribute to Kvadrat's self-awareness</i> .....	20
3.4.3 <i>Theoretical validation of the RIO framework</i> .....	20
3.5 PART 5: VALIDITY AND RELIABILITY.....	21
<b>4. DESCRIPTION OF THE RIO FRAMEWORK</b> .....	<b>22</b>
4.1 OVERVIEW OF THE RIO FRAMEWORK .....	22
4.1.1 <i>Stage 1: Impulsive-Red</i> .....	23
4.1.2 <i>Stage 2: Conformist-Amber</i> .....	24
4.1.3 <i>Stage 3: Achievement-Orange</i> .....	24
4.1.4 <i>Stage 4: Pluralistic-Green</i> .....	24
4.1.5 <i>Stage 5: Evolutionary-Teal</i> .....	25
4.2 TEAL ORGANIZATION .....	25
4.2.1 <i>Metaphor: organizations as living systems</i> .....	25
4.2.2 <i>The 3 breakthroughs for a Teal organization</i> .....	25
4.2.3 <i>Teal Breakthrough 1: Evolutionary Purpose</i> .....	26
4.2.4 <i>Teal Breakthrough 2: Wholeness</i> .....	28
4.2.5 <i>Teal Breakthrough 3: Self-organization</i> .....	30
<b>5. THEORETICAL GROUND FOR THE RIO FRAMEWORK</b> .....	<b>33</b>

5.1 EGO DEVELOPMENT BY JANE LOEVINGER .....	34
5.1.1 <i>Loevinger's nine stages of ego development</i> .....	34
5.2 EGO DEVELOPMENT BY SUSANNE COOK-GREUTER.....	35
5.2.1 <i>Cook-Greuter's stage 9: Magician (Construct Aware)</i> .....	35
5.3 CONSCIOUSNESS DEVELOPMENT BY ROBERT KEGAN.....	36
5.3.1 <i>Kegan's Subject-Object theory</i> .....	36
5.4 HIERARCHY OF NEEDS BY ARTHUR MASLOW .....	38
5.4.1 <i>Maslow's hierarchy of human needs</i> .....	38
5.5 SPIRAL DYNAMICS BY CLARE GRAVE .....	40
5.5.1 <i>Grave's stage 8: Turquoise – Holistic</i> .....	41
5.6 KNOWLEDGE DEVELOPMENT BY JEAN PIAGET .....	41
5.6.1 <i>Piaget's four stages of knowledge development</i> .....	42
5.7 CRITICISM TO UNDERLYING THEORIES.....	43
5.7.1 <i>Research methods</i> .....	43
5.7.4 <i>Social and cultural context</i> .....	44
5.8 INDIVIDUAL AND ORGANIZATIONAL CONSCIOUSNESS.....	45
5.8.1 <i>From culture to collective consciousness</i> .....	46
5.8.2 <i>Relation between individual and organizational consciousness</i> .....	46
5.8.3 <i>Individual and organizational shift in stages</i> .....	46
<b>6. THEORETICAL ANALYSIS .....</b>	<b>48</b>
6.1 THEORETICAL VALIDATION OF RIO'S THEORETICAL FOUNDATION.....	48
6.1.1 <i>Superior levels</i> .....	48
6.1.2 <i>Simultaneous development</i> .....	48
6.1.3 <i>A theory that explains "it all"</i> .....	49
6.1.4 <i>Cultural context</i> .....	49
6.2 RIO IN RELATION TO ITS THEORETICAL FOUNDATION.....	49
6.2.1 <i>RIO's stages in general</i> .....	49
6.2.2 <i>Transcendence from one stage to another</i> .....	49
6.2.3 <i>Teal's three breakthrough ideas</i> .....	50
<b>7. EMPIRICAL ANALYSIS .....</b>	<b>51</b>
7.1 RESULT OF ANALYSIS MATRIX .....	51
7.2 HOW KVADRAT CORRESPONDS TO A TEAL ORGANIZATION .....	54
7.2.1 <i>The metaphor of Teal</i> .....	54
7.2.2 <i>Teal Breakthrough 1: Evolutionary Purpose</i> .....	55
7.2.3 <i>Teal Breakthrough 2: Wholeness</i> .....	58
7.2.4 <i>Teal breakthrough 3: Self-organization</i> .....	61
7.3 EMPIRICAL EVALUATION OF THE RIO FRAMEWORK.....	64
7.3.1 <i>Weaknesses with the applicability of the RIO framework</i> .....	64
7.3.2 <i>Strengths of the RIO framework</i> .....	64
7.4 CAN RIO CONTRIBUTE TO KVADRAT'S SELF-AWARENESS?.....	65
<b>8. CONCLUSIONS.....</b>	<b>66</b>
8.1 RQ1 - HOW USEFUL IS RIO AS A TOOL TO DETERMINE KVADRAT'S STAGE OF CONSCIOUSNESS? .....	66
8.2 RQ1A - IS THERE A BRIDGE BETWEEN THE TEAL STAGE IN RIO AND ITS THEORETICAL FOUNDATION? .....	67
8.3 RQ2 - WHAT STAGE OF CONSCIOUSNESS IN RIO DOES KVADRAT CORRESPONDS TO?.....	67
<b>9. DISCUSSION &amp; FURTHER RESEARCH .....</b>	<b>69</b>
9.1 FURTHER RESEARCH 1: RESEARCH THE GENERAL APPLICABILITY OF THE RIO FRAMEWORK .....	69
9.2 FURTHER RESEARCH 2: IDENTIFYING CHALLENGES OF BECOMING A TEAL ORGANIZATION.....	69
9.3 FURTHER RESEARCH 3: FURTHER DEFINE A TEAL ORGANIZATION .....	69
9.4 FURTHER RESEARCH 4: THEORETICAL VALIDATION OF RIO .....	70
9.5 FURTHER RESEARCH 5: ARE TEAL ORGANIZATIONS MORE SUCCESSFUL?.....	70
<b>10. REFERENCES.....</b>	<b>71</b>
<b>APPENDICES.....</b>	<b>I</b>



## 1. INTRODUCTION

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*This chapter consists of a brief background of this thesis, including an introduction to the theoretical framework and the empirical research. The purpose and research questions are thereafter presented as well as the delimitations and disposition.*

---

### 1.1 Background

At the moment, many researchers argue that an organization needs a high level of consciousness to face the complex challenges in the world today. Recently, a growing body of research shows the relation between a high stage of consciousness and organizational performance (see for example Barker and Torbert, 2011; Bartone et al., 2007; Brown, 2011; Bushe & Gibbs, 1990; Guerette, 1986; Helsing and Howell, 2013; Joiner and Josephs, 2007; King and Roberts, 1992; Marrewijk and Were, 2003; McCauley et al., 2006; Merron, 1985; Merron et al., 1987; Rooke and Torbert, 1998 and Torbert et al., 2004).

A study from IBM (2012), including 1 700 CEOs from 64 countries regarding their perspective on emerging trends, states:

*“The need for control remains, but it [the organizational form] is evolving into a new form—one better suited to the complexity and pace of business today.”  
(IBM, 2012)*

Another example is Barrett (2010) who claims that successful companies operate from a full spectrum of consciousness; “They create a climate of trust, have the ability to manage complexity, and can respond rapidly and adapt to all situations”. Furthermore, according to Laloux (2014) there is a relation between the extents an organization meets complex challenges in today’s society and its consciousness development.

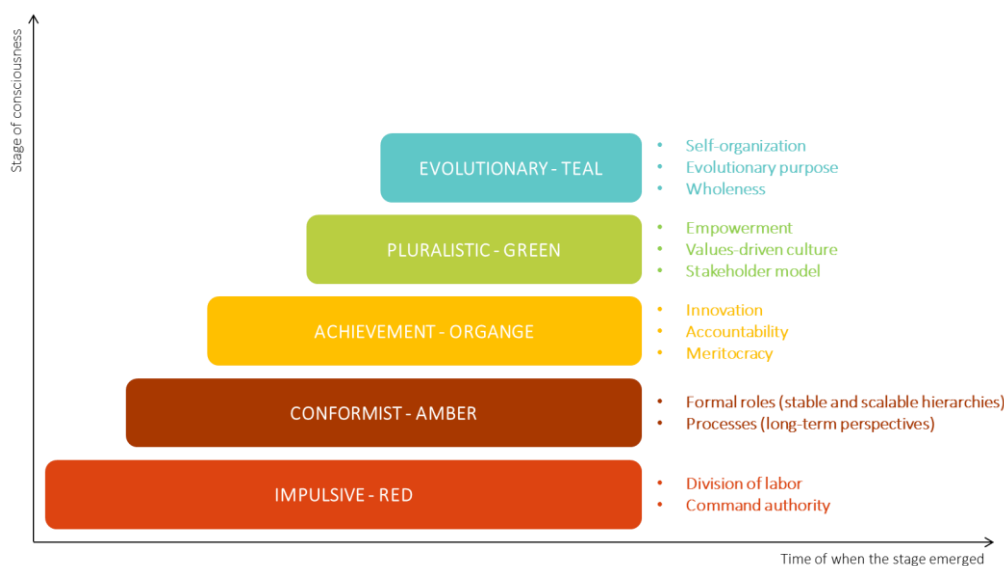
Consciousness development has its theoretical roots from Freud (1920), Piaget (1977) and Maslow (1970). Some of the central theories in consciousness development are described by the famous researches Robert Kegan, Lawrence Kohlberg, Jane Loevinger and Michael Commons. They demonstrate that a higher level of consciousness corresponds to a better capability to handle complexity.

Human consciousness evolves in successive stages (Laloux, 2014). From a societal point of view, each stage of consciousness has a different set of values, needs, motivations, morals, worldviews, societal structures and other fundamental characteristics. A transformation in consciousness development, to shift from one stage to another, implies changes in social structures, economies and the ability to cooperate with others. From an individual perspective, each stage in consciousness development reflects on how one sees oneself and the surrounding world. Transcendence from one stage to another results in a new way to see the world and oneself. Laloux (2014) argues that transformations enable new organizational forms

to emerge. These emerging organizational forms relate to the society's existing worldview and stage of consciousness. Organizational forms that are common today reflect the current worldview of the society, and thereby its current stage of consciousness. (Laloux, 2014)

## 1.2 Reinventing Organizations

Frederic Laloux, the author of *Reinventing Organizations* (2014), has created a framework to describe how organizational forms relate to consciousness development. In this thesis, the framework of Laloux, presented in *Reinventing Organizations*, will be referred to as the RIO framework. RIO describes how organizations have transformed from impulsive firms with leadership by fear, to stable hierarchies with focus on long-term perspectives, to innovative multi-international firms, to value-driven decentralized organizations on to purpose-driven organizations. In the RIO framework, those organizational stages are referred to as *Impulsive-Red*, *Conformist-Amber*, *Achievement-Orange*, *Pluralistic-Green* and *Evolutionary-Teal* (see figure 1 for an overview, and Chapter 4 for a more comprehensive description of the framework). (Laloux, 2014)



**Figure 1. An overview of the RIO framework, each stage with its corresponding breakthrough ideas.**

From an organizational perspective, each new stage of consciousness introduces new breakthrough ideas, allowing organizations to meet more complex challenges and achieve results of unprecedented scale. As development in consciousness, where the transformation from one stage to another includes and transcends the earlier stage (Kegan, 1982), every new organizational form includes and transcends the previous one. This implies that an organization operating from, for example, an *Achievement-Orange* perspective, still has the ability to react from an *Impulsive-Red* and *Conformist-Amber* perspective. It is important to note that no organization fully

corresponds to an exact stage in RIO. When an organization is referred to operate on a specific stage, it does not imply that all its strategies or employees operate only from that stage. An organization operating from a specific stage has processes, structures and cultures that correspond to the majority of the attributes at that stage. (Laloux, 2014)

In his book *Reinventing Organizations*, Laloux (2014) highlights transformations in the society from an Integral perspective (Integral succeeds Postmodernism, and focus on mapping and integration of different worldviews, values and perspectives (Stålne, 2014)). Laloux's work is based on what the Integral theory<sup>1</sup> refers to as AQAL<sup>2</sup>. Ken Wilber, the founder of AQAL, means that this makes Laloux's work unique. What also contributes to the significance of Laloux's work is the coverage of at least five stages of consciousness and culture, different organizational structures, multiple lines of development or intelligence, as well as the focus on the latest societal transformation. Laloux's work rests upon central and fundamental theories in the area of consciousness development, including theories from Wilber, Kegan, Piaget, Loevinger, Cook-Greuter, Torbert, Grave, Wade and Gebster. Empirically, Laloux's work covers a comprehensive study of twelve organizations which operate from an Integral perspective. These companies are described with their worldview, cultural values, individual and collective acting, and processes. The work of Laloux has been described as "groundbreaking", "brilliant", and "game changing" by some of the most respected researchers within the area of consciousness development, including Kegan, Wade and Torbert. Kegan states that Laloux is the first to describe how an organization operates from Kegan's fifth stage of consciousness; *self-transformation*. (Laloux, 2014) This contributes to the argument that Laloux's *Reinventing Organizations* is interesting to study further.

### 1.3 The Kvadrat company

A consultancy firm that has found a different way of working is Kvadrat. It was founded on the belief in a new way of organizing how people come together to work. The founders of Kvadrat strived to create a purpose-driven organization where the purpose, to "create the happiest consultants in the world", should guide the company's strategies rather than profit and growth. The founders also believed that growth and change is a way for an organization to live, rather than an objective itself. Today, Kvadrat is a consultancy firm where every consultant owns and runs a private

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<sup>1</sup> Integral theory combines philosophy and scientific insights and practices to a "Theory of Everything" (Stålne, 2012).

<sup>2</sup> AQAL (All quadrants; all levels, all lines, all states and all types) combine insights from science, philosophy, spiritual and wisdoms from east and west (Stålne, 2012). Laloux includes all four quadrants from AQAL in his work, which is why Wilber believes the work is unique (Laloux, 2014).

limited company and the parent company Kvadrat Holding is owned by the consultants. Thereby, Kvadrat Holding is an employee-owned company. This way of organizing implies a new leadership. The freedom is given to the consultants to run their companies, and the role as CEO for Kvadrat's business office aims to support and coach the consultants, rather than direct their actions. Compared to other consultancy firms, Kvadrat is focusing on its consultants and their engagement to projects as they are free to choose clients and set their own salary. Based on its organizational form, strategy and way of working, the firm sees itself acting on a different scene compared to more traditional consultancy firms. (Kjelldorff, 2011)

#### 1.4 Problem Statement

Laloux's research is built upon theoretical research and empirical studies from twelve case companies and is groundbreaking within the area of consciousness development. There are, to the author's knowledge, no study that have empirically applied the RIO framework on any organization, other than the organizations used within Laloux research. The last stage in RIO, *Evolutionary-Teal*, is referred to as the latest paradigm shift in organizational consciousness development (Laloux, 2014). As the Teal stage is emerging today (Laloux, 2014), Teal is of high interest to research further. It is of interest to investigate to what extent the characteristics of Teal is related to previous theories in consciousness development, in order for this thesis to make an academic contribution. The RIO framework is empirically built up, but never empirically examined. To further emphasize an important aspect; the RIO framework describes organizational forms from a consciousness perspective. In combination with the studies mentioned earlier, showing the relationship between higher consciousness and organizational performance, an interesting question to ask is:

*IS IT POSSIBLE TO USE THE FRAMEWORK OF RIO TO UNDERSTAND AN ORGANIZATION'S STAGE OF CONSCIOUSNESS?*

It is a complex task to examine if the framework of RIO contributes to the understanding of an organization's stage of consciousness. It requires a deep understanding and analysis of an organization. This thesis will therefore carry out a qualitative case study (see Chapter 3. Methodology) in order to understand if RIO can be practically applicable to an organization. Since the last stages of RIO is referred to as groundbreaking, it is beneficial if the stage of the organization is assumed to be one of the later. According to how Kvadrat presents themselves, an initial assumption is that its stage is one of the later. Further on, none of the companies researched by Laloux were employee-owned (Laloux, 2014). To make a contribution of using the RIO framework, a suitable case company would therefore be an employee-owned organization. Therefore, Kvadrat was selected as a case. Additionally, Kvadrat also express its desire of a higher self-awareness, which further supports Kvadrat to be a good fit for a case (see Chapter 3. Methodology).

## 1.5 Purpose

The purpose of this thesis is two-folded:

- P1. Examine the applicability of the RIO framework
- P2. Contribute to Kvadrat's self-awareness

"Examine the applicability" refers to research the applicability of RIO, by applying RIO on an empirical case. As a consequence, this thesis will also examine RIO's ability to determine Kvadrat's stage of consciousness with the purpose to contribute to Kvadrat's self-awareness.

## 1.6 Research Questions

To fulfill the purposes, this thesis intends to answer the following research questions:

- RQ1. How useful is RIO as a tool to determine Kvadrat's stage of consciousness?
- RQ1a. Is there a bridge between the Teal stage in RIO and its theoretical foundation?
- RQ2. What stage of consciousness in RIO does Kvadrat corresponds to?

Since this thesis will use the RIO framework in an academic context, it is important to make sure RIO is theoretically founded. The research question RQ1a aims to understand the theoretical bridges from RIO to its theoretical foundation, with focus on the Teal stage.

## 1.7 Delimitations

- RIO is the major theoretical standpoint and will in this thesis be supported by other frameworks and theories. How RIO relates to its foundation of theories will only be analyzed with regards to the Teal stage. The theoretical domain will influence the scope and methodology of the empirical research. The empirical research is limited to a single case; Kvadrat (see Chapter 3. Methodology for further discussion).
- This thesis will research the level of consciousness at the case company Kvadrat from a collective perspective. Consciousness development on from an individual perspective is therefore excluded.

## 1.8 Disposition

This remaining parts of thesis follows the following outline:

### 2. CASE DESCRIPTION

This chapter provides a case description of the company Kvadrat. Its history, business model, corporate values and daily life is described. This case description is based upon

Kvadrat's book about itself, written by the co-founder Thomas Kjelldorff (Kjelldorff, 2011).

### 3. METHODOLOGY

This chapter presents the approach and methodology of this thesis. For simplification, this chapter is divided into five sections. Part one presents the approaches of this thesis. Part two describes the methodology for data collection. Part three presents the method for analysis of the collected data. Part four presents how the empirical evaluation and theoretical validation was carried out. Lastly, in part five, a brief discussion about the chosen methodology and its reliability is carried out.

### 4. DESCRIPTION OF THE RIO FRAMEWORK

This chapter includes an overview of the RIO framework, by presenting its five stages of organizational forms. Thereafter, a detailed description of the Teal stage is carried out, including practices related to the three breakthrough ideas introduced in the Teal paradigm. This chapter is based upon Laloux's (2014) book "Reinventing Organizations".

### 5. THEORETICAL GROUND FOR THE RIO FRAMEWORK

This chapter presents the theoretical foundation of which the RIO framework is built upon. Central theories within ego development, consciousness development, human development and knowledge development are presented. Each theory consists of a varying number of stages, where the five stages in the RIO framework relates to some of them. For the stages related to Teal, a detailed theoretical description will be carried out. Lastly, a discussion regarding criticism of the theories will be held.

### 6. THEORETICAL ANALYSIS

This chapter presents a theoretical analysis of the RIO framework. Firstly, a theoretical validation of RIO's theoretical foundation is carried out. This part will focus on the criticism of the underlying theories, and how they may relate to the RIO framework. Secondly, a discussion of RIO in relation to its theoretical foundation is discussed. The purpose of this part is to answer research question, (RQ1a), to find a bridge between Teal and its theoretical foundation.

### 7. EMPIRICAL ANALYSIS

This chapter presents the empirical analysis, based on empirical findings from interviews with consultants and employees at Kvadrat. The analysis is divided into three main sections. Firstly, the result of the analysis matrix is presented, where Kvadrat's processes have been mapped to processes the RIO framework. Secondly, how Kvadrat corresponds to a Teal organization, regarding the metaphor and breakthrough ideas of Teal is presented. This section follows the same structure as Chapter 4.2 Teal organization. Thirdly, an empirical evaluation of the RIO framework is carried out.

## 8. CONCLUSIONS

This chapter presents the conclusions of this thesis by responding to the three research questions. As a reminder to the reader, a short description of this thesis' core is firstly presented, followed by how the purpose was achieved.

## 9. DISCUSSION

In this chapter, the authors discuss their findings, as well as other thoughts that have emerged during the writing of this thesis. The discussion is structured by suggestions for further research, which are based on what this thesis has covered and its results.

## 2. CASE DESCRIPTION

---

*This chapter provides a case description of the company Kvadrat. Its history, business model, corporate values and daily life is described. This case description is based upon Kvadrat's book about itself, written by the co-founder Thomas Kjelldorff (Kjelldorff, 2011).*

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### 2.1 The foundation of Kvadrat

Kvadrat was founded in 1988 by three friends, Thomas Kjelldorff, Thomas Bergman and Stefan Gunnarsson. They all had a long experience in large consultancy firms, but were tired of the way they were run, and felt both disconnected and not prioritized as they spend most of their time at the client's offices. Kjelldorff, Bergman and Gunnarsson urged to create a new type of organization, which would reinvent how consultancy firms operates. They aimed to create a purpose-driven organization, where the purpose would guide the organization's strategies rather than growth and profit. Additionally, they wanted to combine the best of two worlds, being employed and running your own business.

Since the founders wanted to start their own businesses and keep working as consultants, they hired a CEO. A few years later, Kvadrat's vision was formally established.

*"Creating the happiest consultants in the world"*

The vision of Kvadrat

Today, Kvadrat is an organization with 25 employees and 223 consultants within IT and Management. The employees have various roles, for example CEO, HR and administrative functions.

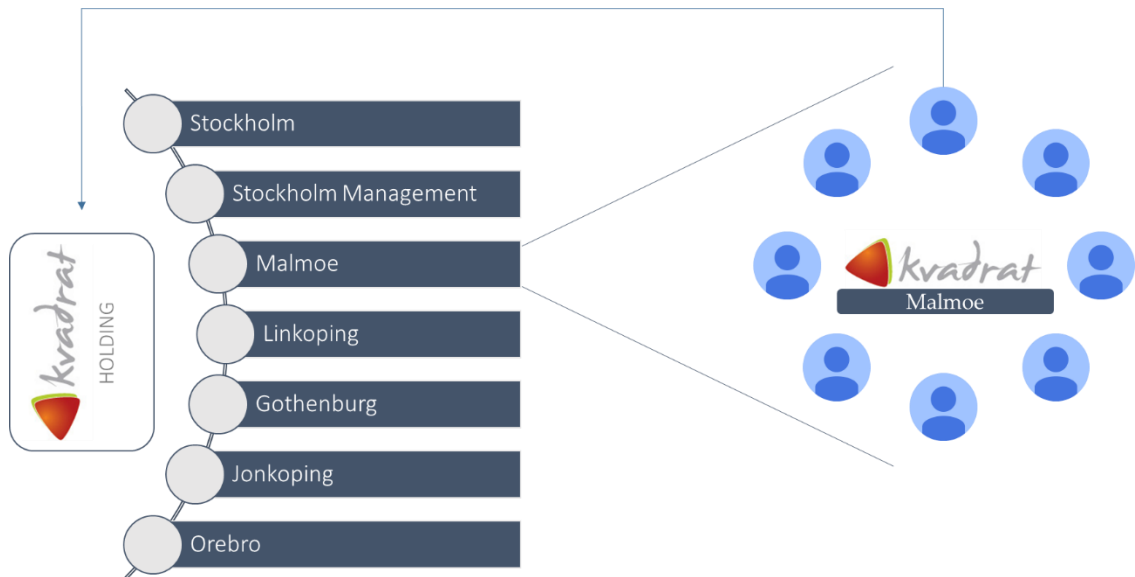
### 2.2 Kvadrat's business model

Every consultant at Kvadrat run their own private limited company. Therefore each individual consultant is responsible for its internal economy and weekly working hours. Business contracts for consulting assignments are signed by Kvadrat and the client. Of the consultants' revenue, 17 % are given back to Kvadrat, as a way to contribute to the collective. As a result of this contribution, Kvadrat covers central costs, such as office spaces, billing, contracts, insurances, events, educational trainings, business trips and conferences.

The ownership structure is quite complex, and a simplified version is presented in figure 2. Starting from the left in the figure, the parent company Kvadrat Holding, owns the local corporations. Each consultant belongs to a local corporate, for example Kvadrat Gothenburg. The local corporations have a business office in the city where it operates. Consultants are encouraged to buy shares in Kvadrat Holding, which means that Kvadrat is fully owned by the consultants. There are no external owners, as the



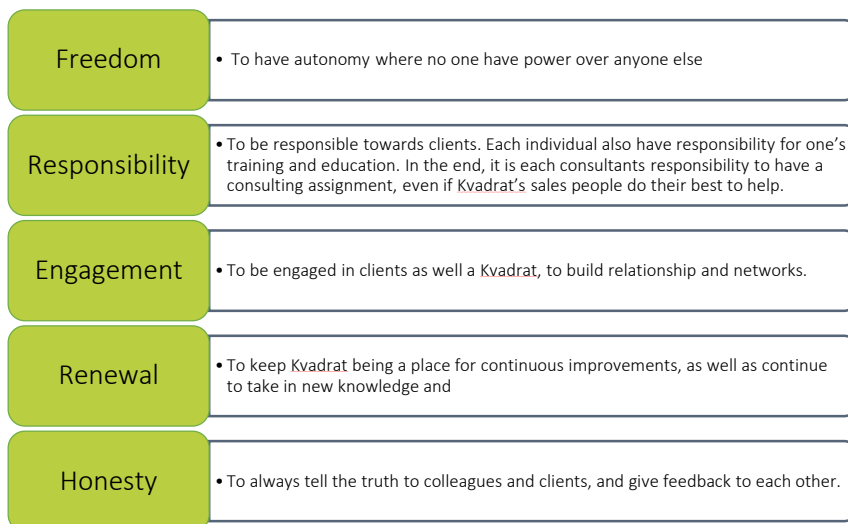
shareholders have to be working for Kvadrat, which is due to that Kvadrat should not be guided primarily by profit. However, there are external members in the board of Kvadrat Holding, to contribute with knowledge and experience.



**Figure 2. Simplified overview of Kvadrat's ownership and operational structure.**

### 2.3 Corporate Values

Kvadrat has five corporate values that shapes the way of working at Kvadrat, as presented and further described in figure 3 below.



**Figure 3. Kvadrat's corporate values (Kjelldorff, 2011)**

### 2.3.1 Kvadrat's 4K

In addition to the corporate values, Kvadrat has defined four behavioral expectations, expected to be followed by each colleague (In Swedish, they all start with the letter K, why the name of 4K makes more sense).

1. Friendship - to be the friends that trust and help each other, and have fun working together
2. Clients - to bring a network of potential clients and other contacts to share with colleagues.
3. Competence - to be in interest of continuous learning, and recruit consultants with high competence.
4. Capital - to financially contribute to the collective. The more consultants at Kvadrat, the higher financial contributions to spend on collective activities and support.

### 2.4 Daily life at Kvadrat

Kvadrat's way of working provides additional information to further understand Kvadrat as an organization. In the recruitment process, the match between organizational and personal values are prioritized. The potential recruit meets with several people at Kvadrat, and is invited to a lunch with employees and consultants. The purpose of the lunch is to give the employees and consultants the opportunity to sense if the recruit is someone they will be able to trust and work with. Therefore, the recruitment process is not only focusing on the right experience and the perfect CV, but also on the personality and personal values. Kvadrat has a mentoring program where new consultants are matched to a mentor. The mentor is responsible for the social and cultural onboarding, and can also be a soundboard on how to run a private limited company. When a new consultant joins Kvadrat, it is very common to bring one's current client along. Thereby, Kvadrat secures that new consultant holds an initial consulting project.

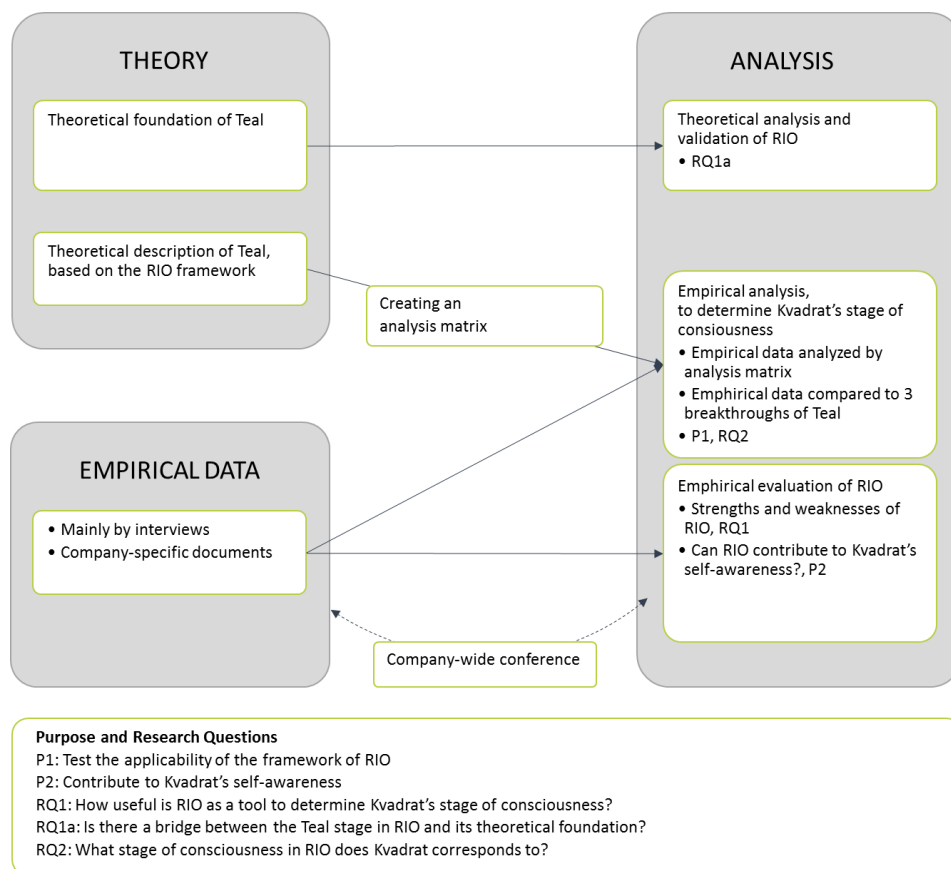
As stated in Kvadrat's 4K, consultants are expected to share their professional network of clients and contacts. Everyone is therefore contributing to finding new projects for each other. To develop the competence for each consultant, Kvadrat financially supports the consultants' educations and trainings. For each training that a consultant finds relevant, Kvadrat covers 50 % of the cost with an annual limit of 30 000 SEK per consultant.

Finally, a consultant who terminate the contract with Kvadrat is not seen as failure. Hopefully, the consultant has found something new and meaningful to do and there are no hard feelings towards consultants who moves on to other companies.

### 3. METHODOLOGY

*This chapter presents the approach and methodology of this thesis. For simplification, this chapter is divided into five sections. Part one presents the approaches of this thesis. Part two describes the methodology for data collection. Part three presents the method for analysis of the collected data. Part four presents how the empirical evaluation and theoretical validation was carried out. Lastly, in part five, a brief discussion about the chosen methodology and its reliability is carried out.*

As stated in Chapter 1. Introduction, the two-folded purpose of this thesis is to examine the applicability of the RIO framework (P1) and contribute to Kvadrat’s self-awareness (P2). To answer the associated research questions, a qualitative approach has been adopted. In addition, this thesis have applied a deductive approach with case study design to enable the application of the RIO framework on the company Kvadrat. An overview of how the empirical data, theoretical standpoint and analysis are related is presented in figure 4. Note that the figure does not illustrate the order they will be presented in this thesis, only the relationship between the parts.



**Figure 4. The relationship of the parts in this thesis**

### 3.1 PART 1: Approaches

This section starts by presenting the approaches this thesis is based on. Thereafter follows a description of how the needed type of data was determined to fulfill the purposes of this thesis.

#### 3.1.1 Qualitative Method

Applying the RIO framework to an empirical case is a complex task that requires an understanding of, among other variables, the organizational culture, structure, processes and leadership at Kvadrat. Those variables requires a qualitative description and interpretation of words rather than quantitative data. According to Bryman & Bell (2011), it is suggested that an interpretive perspective and a qualitative method is adopted when a social reality is to be studied. Since the RIO framework is based on consciousness development, a variable hard to quantify, the thesis was carried out using qualitative methodology. One of the research questions of this thesis, is to investigate how useful RIO framework is as a tool to determine Kvadrat's stage of consciousness (RQ1). The RIO framework will therefore be examined which, according to Silverman (1993), requires a qualitative method.

*"Qualitative method is needed to investigate to what extent a theory is applicable on an empirical case."*

Silverman (1993, p. 94).

The RIO framework represents the theoretical standpoint of this thesis, and will also be evaluated as a categorization tool. The work of Laloux (2014) will be examined, by applying RIO to an empirical case. Kvadrat was studied based on the same factors that Laloux describes in his book in order to evaluate the applicability of the RIO framework (Bryman & Bell, 2011).

#### 3.1.2 Deductive approach

A deductive approach represents the most common perceptions of the relationship between theory and empirical work in the context of social sciences (Bryman & Bell, 2011). Based on the RIO framework and its underlying theories the empirical collected data has been reviewed. In order to examine the usability of the RIO framework to investigate whether it is possible to categorize Kvadrat's stage of consciousness, a deductive approach has therefore been adopted.

#### 3.1.3 Case study design

A case study design is appropriate if the researchers desire to derive an in-depth understanding of a special case in relation to its real-world context (Bromley, 1986). The closeness to a single case aims to produce an invaluable and insightful appreciation of the case which often results in new findings about real-world behavior (Yin, 2003). Eisenhardt (1989) further explains that:

*“They [case studies] are particularly well suited to new research areas or research areas with new theory. This type of work is highly useful in early stages of research on a topic or when a fresh perspective is needed [...]”*

Eisenhardt (1989, pp. 548-549).

A qualitative case study is further defined as an intensive, holistic description and analysis of a single unit (Merriam, 2006, Knights & McCabe, 1997). By definition, case studies are often a good method to get as close to the theoretical area of interest as possible. This is done by interacting in natural environments to assess subjective factors such as thoughts, feelings and desires. In addition, case studies tend to capture a wider network of information unlike experimental and survey studies that typically have a narrower focus (Bromley, 1986).

As this thesis aims to examine the applicability of the RIO framework (P1) in order to answer the question of what stage of consciousness Kvadrat mostly corresponds to (RQ2) an in-depth understanding of Kvadrat is important. The RIO framework was presented in 2014 which makes it a recent developed theory. As mentioned above Eisenhardt (1989) states that a case-study design is favorable if the area of research applies to a new theory. Based on the character of this thesis, a case study design was selected to get as close to the theoretical area of interest as possible, and thus capture the level of consciousness in the organization.

#### 3.1.4 Selection of case

In a case-study, the selected case should be useful in relation to the dimensions of the theoretical interest (Seawright & Gerring, 2008). In order for the RIO framework to serve as measuring tool for an organization’s stage of consciousness, any organization could provide a case in this thesis. As the highest form of consciousness development is where Laloux’s (2014) book has its main focus, and is described as groundbreaking, it is interesting to select a case where the organization is likely to correspond to the higher stages in RIO. Additionally, as RIO describes a paradigm shift for organizational forms, it was considered important to study an organization with a non-traditional organizational form. None of the companies researched in the book *Reinventing Organizations* are employee-owned (Laloux, 2014). When an appropriate organization was selected to serve the purposes of this thesis, it was particularly interesting if the case company was employee-owned in order to make an empirical contribution (Stake, 1995). In addition, an appropriate case company would preferably desire to reach a higher degree of self-awareness or would like to know which organizational form in the RIO framework it represents. Given in what way Kvadrat experience and explains its organization (see Chapter 2. Case description) it was believed that Kvadrat’s position could be related to the later stages in RIO. The fact that Kvadrat is an employee-owned company did reinforce the decision. The choice of Kvadrat as a case company was thus strategically suitable in order to generate an interesting result as possible (Stake 1995). Kvadrat has furthermore expressed a desire for greater self-awareness as it would like to present the company in a manner which, according to

itself, attracts the right consultants to its organization. Since Kvadrat did express a willingness to cooperate, it was feasible that its members would participate in interviews and share corporate information.

As in any qualitative case study, the selection of case influence the result. If another case company with other characteristics was to be selected, the evaluation of RIO's applicability would have been affected. Therefore, the results of this thesis is not argued to be general. Different strengths and weaknesses of RIO would occur if another case company was selected.

### **3.2 PART 2: Data collection**

This section describes the characteristics of the data collection and how it has been retrieved. A general discussion regarding the empirical collection is first presented, followed by a more detailed description how it was carried out.

#### **3.2.1 Empirical collection**

Collection of empirical data was done through semi-structured interviews with consultants and employees at Kvadrat, along with company-specific documents. An example of such a document is the so-called 'Kvadratbook' which is a detailed description of the organization written by a co-founder of Kvadrat, Thomas Kjelldorff. The interviews have followed a pre-defined interview guide (Appendix B & C), based on the analysis matrix (see section 3.3 and Appendix F). The interviews aimed to investigate factors that, according to the RIO framework, characterize the different stages of consciousness awareness among organizations in accordance to the thesis's qualitative method. The empirical collection aimed to create an overall picture of Kvadrat. The difference of the local business offices was not taken into consideration.

#### **3.2.2 Company-specific documents**

The 'Kvadratbook', titled "The Story of a business, a way of life and the art of starting your own business without being alone", is written by Kvadrat's co-founder Thomas Kjelldorff (2011). It describes in detail how the business is structured, the organizational goals and its formal purpose. The book has served as a complement to the interviews. According to Merriam (2006) documents represents a particularly good source of information for qualitative case studies since it provides the study with an empirical basis in relation to the context in which a problem or question belongs. Since the 'Kvadratbook' is written by a single person, it was considered insufficient for it to serve as the sole empirical data source. The thoughts concerning the organization presented in the book cannot be applied to all consultants and employees. Despite, the book serves as a policy document and inspiration for both Kvadrat's customers and potential new consultants, the book's perspective on the organization was important to take into account.

### 3.2.3 Interviews

Merriam (2006) argues that:

*“Case studies include two techniques that characterize the approach, direct observation and systematic interviews. Case study’s unique strength lies in dealing with many different types of empirical data (documents, interviews and observations).”*

Merriam (2006, p. 113).

To ensure the quality of a study, Yardley (2000) suggest that a sensitivity and transparency is held against the context and the social environment in which the study is conducted. With sensitivity and transparency means that the study should follow a clear, pre-defined research method. Sensitivity has been met since the data collection was done mainly through interviews that followed a pre-defined interview guide where the characteristics of all stages in the RIO framework was clearly specified. The interviews was held through personal communication and took place at each local office. Thereby, Kvadrat was studied based on a context in which interview questions were designed to capture the respondent’s perception. The interviews constitutes the main part of the empirical data collection and were characterized as semi-structured. One of the characteristics with qualitative research is the involved field work, which means that the researcher must seek out to people or places to observe people in their natural environment (Merriam, 2006). Direct interaction with a person is the approach that best helps to understand another person’s consciousness and reality (Lofland & Lofland, 1995). By physically meet the interviewees on the different sites, the individual’s perception and values have been interpreted in a relevant context. Qualitative research requires that data should be interpreted and that the respondents’ answers become irrelevant if they are not related to the correct context (Bryman & Bell, 2011). To further capture a realistic picture of the social context and to study the individual’s perception of Kvadrat the interview questions was characterized as open to allow for flexibility (Blumer, 1954).

To ensure truthfulness, it is critical to validate the responses from the interviews. There is a possibility that respondents distort their responses to make Kvadrat seem to correspond to a higher stage of consciousness. Alternatively, there may be an internal view of the organizations that does not corresponds to the reality. This can affect the interviewee’s response. This problem is common when a qualitative case study design is applied and can be solved best by triangulation (Merriam, 2006). Triangulation refer to the multiple use of information sources, in this case, both interviews and documents to confirm the results (Foreman, 1948). To avoid the respondent's answers to be influenced or affected to fit the purposes of this thesis, the authors consistently avoided to inform the respondents about the RIO framework and purposes of this thesis in advance. During the interviews, continuously follow-up questions were asked to make the interviewee further describe and provide examples

demonstrating the answers. Finally, a critical approach to respondents' answers were used, to make the analysis as objective possible.

Additionally, participation in corporate events and in the regular working atmosphere was conducted, in order to create an objective understanding of informal rules at Kvadrat.

#### 3.2.4 Selection of interviewees

As selection interviewees, a group of consultants and employees was selected, to reflect the population at Kvadrat (a comprehensive list of interviewees can be found in Appendix D). The selection is a non-probability sample which means that some individuals in the population had higher chance to be called for an interview in relation to others (Bryman & Bell, 2011). To create a broad picture of Kvadrat's culture and processes, it is of interest to interview people with different connections to Kvadrat. Therefore, both consultants as well as employees with different operational and administrative tasks are of interest. Employees are of interest as they might hold a more holistic view of the organization, as well as different ideas about the company's internal motivation.

Initially a number of people was identified with help from one of the company tutors, Stellan Nordahl, consultant at Kvadrat Malmoe. These people were approached and asked for an interview by e-mail or phone. In some cases they were asked to provide suggestions of additional people to contact which created a snowball sample (Pettigrew & McNulty, 1995). Additional persons with different views were independently contacted for an interview, to create a broad picture of Kvadrat. The respondents' roles and geographic location varies, since there may be differences in industry cultures depending on geographic location. For example, the office in Gothenburg is a startup while the office in Stockholm large and well established. The consultants' source of motivation may differ depending on which business office they belong to. At a certain number of respondents saturation is reached and additional interviews did not add any new information (Alvehus, 2013). The total interview population was finally counted to a total of 19 people, before saturation in the responses was reached.

#### 3.2.5 Interview guide

The collection of data in a qualitative case study is often determined by specific research questions derived from a theoretical interest or theoretical issues (Stake, 1995). An elaborate list of questions to be asked during interviews fulfills two functions. Firstly, it is a way to translate the study's goals and objectives into measurable terms. Secondly, it is a way to motivate respondents to share knowledge of the studied object (Denzin, 1970). Based on the RIO framework, an interview guide with 72 open-ended questions was developed. 33 of the questions corresponded to explicit areas that included features for each level in RIO (Appendix B). The remaining 39 questions were asked to gain a deeper understanding of Kvadrat as an organization, its history and initial intentions (Appendix C). The interview guide was



based on Laloux's original 72 interview questions. The questions relates to practices for each organizational form, as presented in the analysis matrix (section 3.3.1). The interview guide was designed with open questions to make the respondents use their own words, in order for the answer to be as honest as possible. It is crucial that the questions facilitates to obtain information on how the respondents perceive Kvadrat (Bryman & Bell, 2011). Each interview was approximately 1 to 1.5 hours, all 72 questions was not processed during every interview. However, due to the large number of interviews, all 72 questions was answered at least once.

The respondent's role and relationship to Kvadrat influence the relevance of different interview questions. For example, the answer to the question "How does team management meetings look like?" is more relevant if the respondent is participating in such meetings. In this way, all areas of the RIO framework was covered, with the interviewee's perspective at first hand (Bryman & Bell, 2011).

### 3.3 PART 3: Analysis of collected data

This part presents how the collected data was analyzed. Firstly, the method for creation of the analysis matrix (Appendix F) will be described. Thereafter, a presentation of how the collected data was mapped to the analysis matrix as well as to the three breakthrough ideas of Teal follows.

#### 3.3.1 Creating an analysis matrix for empirical data

An analysis matrix (see a simplification in table 1) was developed in order to analyze the empirical data. Laloux (2014) has explicitly specified a list of processes in 33 different areas, for the stages *Achievement-Orange* and *Evolutionary-Teal*. The authors expanded this list to include characteristics for the remaining stages as well. This was done based on the author's insights from the RIO framework in Laloux's book "Reinventing Organizations". However, not all characteristics in each area for all stages could be found. The analysis matrix could therefore not be fully completed. For example, the stage *Impulsive-Red* was not sufficiently described in order to find explicit processes in all areas.

The authors also added a 34<sup>th</sup> area of leadership. Even though leadership was an indirect part of several areas, the authors argued it to be a too important aspect to not be an area of its own. Leadership was imbedded in other aspects but still highlighted as an important and distinctive factor for each stage is the overall description of the RIO framework. Further on, the leadership style are very characteristic for each stage. It would also provide more clarity if leadership was an explicit area of its own. The explicit characteristic of each stage's leadership style was therefore added to the analysis matrix. Leadership was the only area added by the authors, the remaining areas is retrieved from Laloux's (2014) list of characteristics.

The analysis matrix was created prior to the interviews and constituted the basis for the interview guide. Therefore, the respondents' answers was a valid starting point for determining Kvadrat's organizational development using the RIO framework.

AREA	IMPULSIVE-RED	CONFORMIST- AMBER	ACHIEVEMENT-ORANGE	PLURALISTIC- GREEN	EVAOLUTIONARY-TEAL
Organizational structure	<ul style="list-style-type: none"> <li>• No formal hierarchy</li> <li>• One leader demonstrating overwhelming power, having close guard</li> </ul>	<ul style="list-style-type: none"> <li>• Rigid pyramid with fixed hierarchies</li> </ul>	<ul style="list-style-type: none"> <li>• Hierarchical pyramid</li> </ul>	<ul style="list-style-type: none"> <li>• Decentralized nested hierarchies, can sometimes be an empowered hierarchy</li> </ul>	<ul style="list-style-type: none"> <li>• Self-organizing teams, coaches that supports several teams</li> </ul>
Decision making	<ul style="list-style-type: none"> <li>• A good decision is the one that gets me what I want</li> </ul>	<ul style="list-style-type: none"> <li>• Effectiveness and success are the yardsticks by which decisions are made</li> <li>• Decisions are hold up to the light of conformity to social norms</li> </ul>	<ul style="list-style-type: none"> <li>• High up in the pyramid</li> <li>• Any decision can be invalidated by hierarchical superior</li> </ul>	<ul style="list-style-type: none"> <li>• Bottom-up decision-making processes, gathering input from all and trying to bring opposing points of view to eventual consensus</li> <li>• All perspectives deserve equal respect</li> </ul>	<ul style="list-style-type: none"> <li>• Fully decentralized based on advice process (or on holacratic decision-making mechanisms)</li> <li>• Internal yardsticks in our decision-making</li> </ul>
...	...	...	...	...	...

**Table 1. Simplification of the analysis matrix, as an example. Each organizational form and their specific characteristics within the given area.**

### 3.3.2 Analysis of empirical results, using the analysis matrix

The analysis matrix serves as an analysis tool where the respondents’ answers has been related to characteristics at each stage in RIO. By analyzing the collective answers for each question, it was possible to understand what stage Kvadrat corresponds for a specific area. By analyzing the result for each area, Kvadrat’s processes and practices could be matched to the characteristics at each stage. Kvadrat’s position in the RIO framework was determined by counting the number of processes matching each stage.

This way of analyzing the empirical results is based on the way Laloux refers to an organization at a specific stage:

*“[When looking] at all the structure, practices, and culture of an organization, we find that they are not scattered randomly among the stages and colors, but cluster around a center of gravity, a stage that defines most practices of the organization. It is this center of gravity that I refer to when I talk about, for instance, an Orange Organization. [...]. The term “Orange Organization” means that the majority of the organization’s structure, practices, and processes are shaped by the Achievement-Orange paradigm.”*

(Laloux, 2014 p. 40)

### 3.3.3 Analysis of empirical results, in relation to the Teal three breakthroughs

Laloux (2014) states that an organization operating at a specific stage, has adapted the breakthrough ideas of that specific paradigm. However, he continues to argue that the adaption of the breakthroughs can be of various depths. An organization might have embraced one of the breakthroughs to a high degree, while only embracing the

other breakthroughs to some extent. Another organization might have embraced all the breakthroughs at the stage equally, but not fully. To conclude, an organization operating at a specific stage has embraced all of the breakthrough ideas, but to different degrees. Based on this reasoning, how well Kvadrat embraces the three breakthrough ideas of the Teal paradigm was investigated. To analyze how well Kvadrat have embraces the breakthrough ideas at the Teal stage was based on one major finding; the result of the analysis matrix (see Chapter 6.1 Result of the Analysis Matrix), which indicates that Kvadrat holds many Teal practices.

### **3.4 PART 4: Evaluation and validation of the RIO framework**

To answer research questions (RQ1) "How useful is RIO as a tool to determine Kvadrat's stage of consciousness?", and (RQ1a) "Is there a bridge between the Teal stage in RIO and its theoretical foundation?" the RIO framework will be evaluated both empirically and theoretically. This part presents how the evaluation was carried out.

#### **3.4.1 Empirical evaluation of the applicability of the RIO framework**

The starting point for the evaluation was to investigate if the RIO framework provides sufficient definitions at each stage, in order to determine Kvadrat's stage of consciousness. The RIO framework is built on an empirically base where Laloux studied twelve companies which has been identified as organizations at the highest stage, *Evolutionary-Teal* (Laloux, 2014). To the author's knowledge, the RIO framework have never been empirically examined. After applying RIO to Kvadrat, the framework's usefulness was evaluated. This was done in order to reach an initial understanding, if RIO can be applied to organizations other than the twelve studied by Laloux. Based on the evaluation, suggestions for improvements to RIO as a result.

The empirical evaluation of the RIO framework is based on the following questions:

#### *Questions forming the empirical evaluation of RIO*

- What strengths and weaknesses is there to be found in the RIO framework?
  - Is the definitions of the stages in RIO clear enough in order to apply RIO to an empirical case?
  - Are there, and if so what, shortcomings in the framework complicating the categorization of Kvadrat's awareness and organizational form?
- Can RIO contribute to Kvadrat's self-awareness?

The last question touches the purpose (P2) of this study, to contribute to Kvadrat's self-awareness. It also leads on to the second part of how the empirical evaluation was carried out.

### 3.4.2 Empirical evaluation if RIO can contribute to Kvadrat's self-awareness

At a company-wide conference with 130 attendants in Tranås on the 20th of April in 2015, the authors presented their first findings. The presentation included an introduction to the RIO framework, the result of the analysis matrix, the determined stage in RIO that Kvadrat mostly corresponds to as well as how Kvadrat's processes matches the breakthrough ideas of Teal. A discussion was thereafter held in smaller groups, to give the company time to reflect on what the result meant to them. Three discussion questions was presented:

1. Do you agree on Kvadrat's stage in the RIO framework?
2. What does the result means to you?
3. What other questions do you feel are emerging now?

One of the intentions with the discussion was to understand if the presented result contributed to Kvadrat's self-awareness. The answers of each questions was analyzed, in order to fulfill the second purpose (presentation of answers could be found in Appendix E). In addition, the discussion provided data to investigate the level of recognition among the consultants and employees at Kvadrat.

The authors was present but inactive during the discussion at the company-wide conference. As the discussion was held after the findings were presented, it is possible that the answers from the participants are influenced by the result of the thesis. To avoid influenced answers, the questions can be designed to be open, to allow the participants to speak freely (Gravetter & Forzano, 2012). As seen above, question 3 asks for the own thoughts of the participant. This is considered as an objective question which decreases the risk for subjective answers (Gravetter & Forzano, 2012). In addition, a large number of attendants could also decrease the vulnerability of the result. All of the 130 attendants at the conference contributed to the discussion. The combination of open questions and a large number of answers decreases the risk for results influenced by the author's opinion. (Bryman & Bell, 2011)

### 3.4.3 Theoretical validation of the RIO framework

To conclude whether the RIO framework could be used as a tool to determine Kvadrat's stage of consciousness, it is relevant to examine the framework's theoretical foundation. In addition, as this thesis is partly written in an academic context, the underlying theories is of interest as they contribute to a validation of the background of RIO. In order to fulfill the purposes of this thesis it is important to understand consciousness development from a theoretical standpoint. As previously mentioned, there are several reasons to believe that Kvadrat has one or more processes corresponding to the Teal stage in RIO. The stage of Teal is also referred to as a new paradigm shift, which constitutes an argument to dig deeper into the theoretical foundation of this stage in particular. Chapter 5 will present the most used theories within the area of human development, including consciousness development, to examine if the stage of Teal is firmly rooted in existing theories. Thereafter, an analysis

in relation to the characteristics of Teal was carried out. The result influenced the theoretical evaluation of RIO's ability to contribute to a company's self-awareness.

### **3.5 PART 5: Validity and reliability**

A qualitative research design makes it complicated to repeat the study and reach the exact same result (Jacobsen, 2002). It is therefore difficult to gain a high amount of reliability. This thesis does not search to find general results. The purpose is to (P1) examine the applicability of the RIO framework and to (P2) contribute to Kvadrat's self-awareness. To further address reliability issues, it is suggested to uphold a thorough documentation of interviews. This has been done throughout the study by recording and taking notes during the interviews. Construct validity has also been increased by using both company specific documents and interviews as source of empirical data collection (Yin, 2003). According to Yin (2003), this approach provides the thesis with nuanced qualitative data and a deeper understanding of the research questions. The establishment of a theoretical foundation, where gaps have been identified and discussed, has also increased the validity of this thesis (Bell, 1993).

When creating the analysis matrix, a 34<sup>th</sup> area of leadership was added as it was considered a too important and distinguished process to be excluded in the analysis. By expanding the analysis matrix with an additional area, the total number of areas summed up an even number. There was a possibility that Kvadrat would equally correspond to two stages which would make it harder to interpret the result. The importance of leadership as an explicit area was thus seen to be of high relevance. The final result was further dependent on a qualitative comparison to the breakthrough ideas, not the result from the analysis matrix alone. In order to generate a more truthful result, the area of leadership was simply added as it was believed that it would not influence the final result to an extreme extent.

The interview guide was based upon descriptions from Reinventing Organizations to ensure the probability of researching what intends to be researched (Bell, 1993). When conducting the interviews, there is a possibility that the respondents answer the questions in a way they believe are "correct". Therefore, the scope and purpose of this thesis was not presented beforehand to the respondents (Bell, 1993). During the interviews, the respondents were continuously asked to exemplify their answers, to ensure their trustworthiness. The interviews were further recorded and notes were taken to avoid the possibility of missing answers. When conducting a qualitative case-study, a vital problem is to interpret the information given from the respondents. Therefore, the information was critically analyzed. Also, the large number of interviews made it possible to validate the answers from a large number of respondents.

## 4. DESCRIPTION OF THE RIO FRAMEWORK

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*This chapter includes an overview of the RIO framework, by presenting its five stages of organizational forms. Thereafter, a detailed description of the Teal stage is carried out, including practices related to the three breakthrough ideas introduced in the Teal paradigm. This chapter is based upon Laloux's (2014) book "Reinventing Organizations".*

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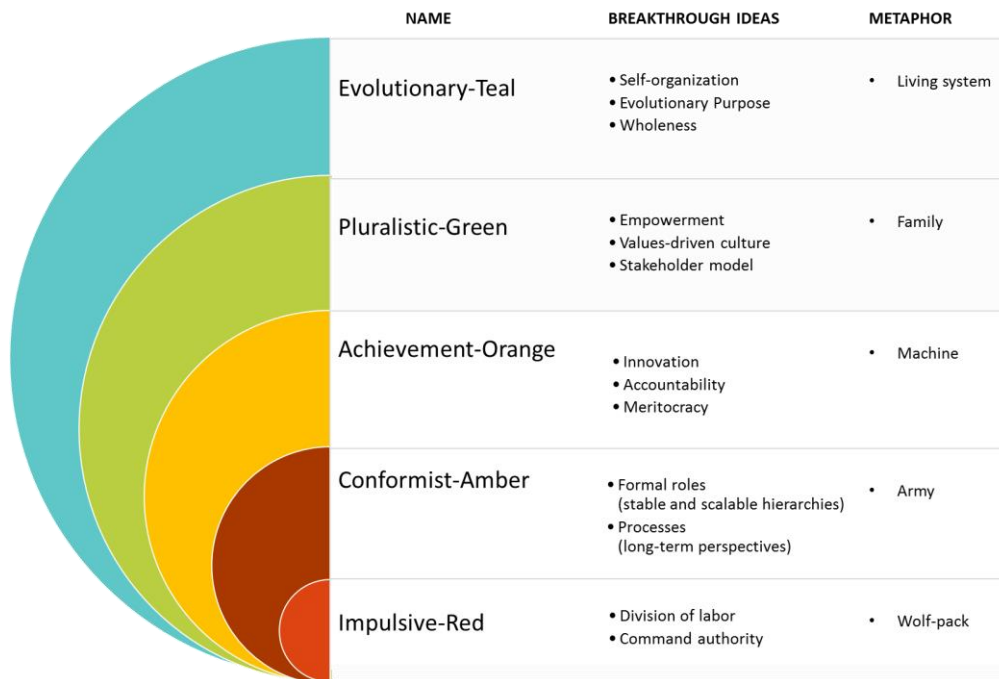
### 4.1 Overview of the RIO framework

In his book *Reinventing Organizations* (2014), Laloux recounts the history of how people have worked together in organizations. He has studied how new perspectives or paradigms have emerged over the centuries that unlocked new levels of prosperity, as it became the predominant approach. Laloux's (2014) framework shows how organizations are related to consciousness development. Every time the society as a whole has shifted to a new stage of consciousness, a new way of how to collaborate has been invented. For example, organizations have evolved from having one single strong leader, to stable hierarchies, to then introduce meritocracy, values-driven culture and finally embracing self-organization. As a result, new organizational forms have emerged, introducing new breakthrough ideas.

Each stage has its own set of values, needs, motivations, morals and worldviews. Based on this, and in particular the different worldviews, it is hard for an organization at early stage to understand an organization at a later stage. Laloux describes each stage is with a name, color<sup>3</sup>, primary characteristics, breakthrough ideas and a guiding metaphor (see figure 5).

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<sup>3</sup> Laloux have adopted the colors and names from the Cook-Greuter's theory of Spiral Dynamics, see section 5.5. (Laloux, 2014).



**Figure 5. Overview of the stages in RIO**

One important concept is that no stage is better than another as every stage include valuable ideas. Each stage is differently suitable to different contexts, and also depending on the individuals within the organization. However, the later stages have better capabilities to deal with increasing complexity or connectedness. That does not mean that every situation requires this or that only Green and Teal organizations can be successful. In fact, success is defined differently at each stage. Another important aspect is the movement from one stage to another. Every new stage includes and transcends the previous ones. Therefore, a Teal organization might use practices from earlier stages, when best suited in the context.

#### 4.1.1 Stage 1: Impulsive-Red

Red organizations emerged as people organized into tribes. Its primary characteristic is its powerful leaders. Red organizations are most useful in chaotic situations or crisis, where a powerful leader may be the only thing guaranteeing the survival of the group. At this stage, the first breakthrough idea is Command authority, where the leader can set a direction and people will follow. The second breakthrough idea is Division of labor, which allows people to work towards a common goal. People can therefore specialize in a specific type of work, beneficial to the whole group. The guiding metaphor for *Impulsive-Red* is a wolf-pack, where the alpha wolf uses his power to maintain his status within the pack. Today, groups as mafias and street gangs are operating from the *Impulsive-Red* paradigm. The limitation for the Red paradigm is the short-term perspective required to survive chaos.

#### 4.1.2 Stage 2: Conformist-Amber

The Amber paradigm evolved when the fear-based power structure of Red organizations could no longer accomplish long term goals since the leadership is not stable enough. The central characteristics of an Amber organization is its strict hierarchy structure, leading to stability, and exerting strong control over the lower levels in the hierarchy. An Amber organization should be run like an army, which also is the metaphor for this stage. Within the rigid hierarchy, there is a clear chain of command, formal process and clear roles of who can do what. In the paradigm of Amber, the breakthrough ideas are a strong Process taking a long term perspective, and creating Formal roles for various levels in the hierarchy. Examples of today's organizations acting from the Amber paradigm are most public schools in the United States, as well as governments and some traditional churches.

#### 4.1.3 Stage 3: Achievement-Orange

When Amber organizations were unable to adapt to changing conditions, the Orange paradigm evolved during the industrial age. The guiding metaphor for Orange organizations is a machine. Management is used to control efficiency, bottlenecks, change and innovation. In such organizations, humans are resources, like cogs in a machine. The primary characteristics are competition, within the organization as well as with other organizations, focus on financial profit, growth and objective-based management. In this type of management, leaders set the strategy and people at the lower level in the hierarchies are given some freedom in how to carry out the strategy. The breakthrough ideas in this paradigm are Innovation, Accountability for reaching the objectives laid out by management and Meritocracy. The latter allows for anyone, regardless of position, to accelerate ones career. Meritocracy provides people with the possibility to choose, at least in theory, the occupation that best suits their talents and ambitions. Today's, Orange is the predominant perspective. The majority of today's all large corporations operate from an Orange perspective. The Orange paradigm begins to hit its limits when people feel that the motivation of profit is not fulfilling enough. Often, people become disengaged with the organization's view on them as cogs in a machine.

#### 4.1.4 Stage 4: Pluralistic-Green

The Green paradigm has emerged as people start to seek more meaning in their work. The guiding metaphor for Green is the family, where people are there for one another to help each other out. The primary characteristics of Green organizations are the focus on delighting customers, making decisions based on a set of shared values, and high engagement from everyone in the organization. The breakthrough ideas are, firstly, a Stakeholder model, that balances the need of all stakeholders, including customers, employees, partners and shareholders. Secondly, a Values-driven culture that guides the strategy. Thirdly, true Empowerment of members in the organization, regardless of their hierarchical level. Organizations operating from this level are for example Southwest Airlines and Ben & Jerry's. Green organizations begins to hit its limit when consensus building results in a too slow decision making process, and when



the hierarchical structures begins to conflict with people's desire to greater autonomy.

#### 4.1.5 Stage 5: Evolutionary-Teal

*Evolutionary-Teal* is emerging as people seek for a more powerful, soulful and meaningful way to work together. In Teal organizations, the primary characteristics are an anti-fragile organizational structure, purpose-driven strategies and a distributed decision-making. The metaphor of a Teal organization is a living system. The Teal paradigm introduces three breakthrough ideas; Wholeness, Self-Organization and Evolutionary Purpose. Example of organizations operating from the Teal perspective includes Patagonia, an outdoor clothing company, Buurtzorg, a home care nursery organization with 7 000 employees, ESBZ, a school in Germany, and Morning Star, a food processing company.

### 4.2 Teal organization

In this section, a more comprehensive description of the *Evolutionary-Teal* perspective will be carried out. Firstly, the guiding metaphor is presented, secondly an introduction to the three breakthrough ideas from Teal. Lastly, a detailed description of each breakthrough idea is presented.

#### 4.2.1 Metaphor: organizations as living systems

A metaphor for an organization is used to describe how the organization see itself. The guiding metaphor for *Evolutionary-Teal* is a living organism or a living system. Change in nature happens at all times at all places, in a self-organizing urge from every cell and every organism, with no need for central control to give orders. Every cell can sense its environment and alert the organism when change is needed. A living organism is a complex and self-organizing system, with a soul and purpose of its own. In an ecosystem, interconnected organisms thrive without one holding power over another. Living systems do not compete, but strive to grow into the biggest and healthiest version of themselves.

#### 4.2.2 The 3 breakthroughs for a Teal organization

As previously stated, each new stage of consciousness, from an organizational perspective has introduced new breakthrough ideas, allowing organizations to meet more complex challenges. For a Teal organization, the three breakthrough ideas are: *Evolutionary purpose*, *Wholeness* and *Self-organization* (figure 6). Each of the breakthroughs will be discussed below, with their most distinguished characteristics and practices. To shortly introduce them, Evolutionary purpose corresponds to a purpose-driven organization and instead of trying to predict the future, the focus is on listening and understanding what the organization wants to become, what purpose it wants to serve. The Wholeness perspective embraces employees to bring all of who they are to work instead of making a difference between the identity at work and at home. Finally, Self-organization is based on trust and freedom, to build a system with distributed power.



**Figure 6. Overview of the three breakthroughs of a Teal organization.**

#### 4.2.3 Teal Breakthrough 1: Evolutionary Purpose

As organizations are seen as living systems in the *Evolutionary-Teal* perspective, organizations also have a life and a sense of direction of their own. An Evolutionary Purpose is the guiding light for an organization on the Teal stage. The following sections will present organizational characteristics related to the breakthrough idea of Evolutionary purpose.

##### 4.2.3.1 Sense and respond with fast iterations

Predictions of the future are valuable in a complicated world, but they lose relevance in a complex world<sup>4</sup>. The strategy for Teal organizations is therefore to sense and respond. They do not put their energy to finding the best possible solution, but for a workable solution that can be implemented quickly. Decisions can be improved at any point, based on new information and experiences along the way. Its journey toward its purpose is smoother and faster with many fast iterations instead of a few mighty leaps.

Decisions are made by listening to the organization's purpose. Once again, an organization is viewed as a living organism, an entity with its own energy, identity, potential and sense of direction. Therefore, the individuals in the organization should

<sup>4</sup> See for example the Cynefin framework, which describes contexts as *Simple*, *Complicated*, *Complex*, and *Chaotic* (Snowden & Boone, 2007). Note that complicated and complex are therefore not the same context.

strive is to align with the organizational purpose, rather than to direct it. Teal organizations do this by sensing, and in practice by empowering any individual or team to sense what might be called for or that change is needed. A result of this is that strategy happens organically, with strategic decisions made everywhere. One of the prerequisites is that leaders are willing to give up their power. They trust that the collective sensing of the organization will solve problems better than they could on their own.

Top-down targets are rare, based on the belief that targets rest on the assumption that the future is predictable, do not promote inner motivation and tend to narrow the capacity to sense new possibilities.

#### 4.2.3.2 Purpose gives profit

As in any other organization, profit is necessary and stakeholders do deserve a fair return on their investment. However, for a Teal organization, the objective is the purpose, never the profit itself. The idea is similar to that we as humans need air to live, but we do not live to breath. Teal organizations are purpose-driven, where the purpose is the guiding light.

#### 4.2.3.3 Adapt from within, with no explicit change management

Change happens naturally and continuously. Living organisms have an inner capacity to sense changes in their environment and adapt from within, which is the way to view change from an *Evolutionary-Teal* perspective. People have the freedom to act on what they sense is needed, with no limitations by their job descriptions, reporting line or functional units. Change management is not needed, as change happens continuously everywhere all the time, mostly without neither pain nor effort.

#### 4.2.3.4 Individual and organizational purpose reinforces each other

Individual and organizational purpose go hand in hand, one needs the other to flourish. When employees listen to the organization's purpose, they most probably start to think about their personal calling too. Teal organizations support their employees in their self-reflection through coaching or workshops to help them discern their path in life.

At the intersection between the organizational and individual purpose, the purposes can reinforce each other. The clearer the organizational purpose is, the more people can enter into resonance with it. The more people are aware of their individual calling, the more they can contribute to the organization's energy and to the world.

#### 4.2.3.5 Competitors are embraced to pursue purpose

When a Teal organization is living for its purpose, it does not see any other firms as competitors. Any other firm that in some way can help to achieve the purpose, or at a faster phase or on a wider scale, is seen as a friend. If two organizations strive towards a similar vision, they are better off helping each other than competing.

#### 4.2.4 Teal Breakthrough 2: Wholeness

Traditionally, organizations have encouraged people to show up with a professional self, hiding doubts and vulnerability. Teal organizations have developed a consistent set of practices to invite individuals to reconnect with their inner wholeness, to bring all of who they are to work. This supports employees to show up fully, including their emotional, intuitive and spiritual parts of themselves. It is natural to feel vulnerable when increasing the awareness of oneself, and bringing it into the organization. Once people do, life becomes more colorful, vibrant and meaningful. From a business perspective, it makes sense too. Workplaces where people feel that they can show up with all of who they are unleash unprecedented energy and creativity.

##### 4.2.4.1 Meeting practices to keep ego in check

Teal organizations have meeting practices that supports participants to interact from a place of wholeness, by keeping their egos in check. These practices vary from very simple to more elaborate. A simpler practice is to use a check-in at the beginning of a meeting, and a check out at the end. This bring participants to listen from within, reconnect with their body and sensations and grow capacity for awareness in the moment. It keeps the ego in check, by preventing individuals to make decisions based on self-interest. To put feelings into words allow participants to know where others are at and enable them to be more focused in the meeting. This also contributes to a culture with direct feedback and honest discussions about the team's interactions and performance.

##### 4.2.4.2 Recruitment by colleagues with focus on organizational and purpose fit

Teal organizations tweak the traditional recruitment processes to allow for both parties (the employer and the candidate) to more truthfully get to know each other. Interviews are held by future team colleagues, who are deciding if they would like to work with the candidate on a daily basis. The attitude and personality of the candidates is equal, if not more, important than skills and experience. Employers want to engage with the real person, not the candidate who gives the correct answer. Since roles are fluid, it does not make sense to hire somebody for one particular box of roles. The main questions regarding the recruitment process is if the candidate will be energized by the organization's purpose and if the person will thrive in a self-managing environment. Finally, there are no recruitment targets to reach.

##### 4.2.4.3 Onboarding and training with focus on the three breakthroughs

Teal organizations invest a significant amount of time and energy in welcoming new colleagues. The onboarding process often touches the three breakthrough ideas Self-organization, Wholeness and Evolutionary Purpose. Firstly, the onboarding process focusing on Self-organization can contribute to the understanding of how Self-organization works and what skills are needed to thrive in such an environment. New colleagues can for example be trained in how to operate as team without a supervisors who directs what to do. Secondly, onboarding focusing on Wholeness trains people in the ground rules, assumptions and values that allow people to show

up more authentically. Thirdly, onboarding with a focus on Evolutionary Purpose answers the question of what the purpose is and where it comes from. New colleagues are invited to reflect on their personal calling and how it resonates with the broader organizational purpose. The fundamental discussion is how the two support can and nurture each other.

The environment of Self-organization gives an opportunity to make things happen, to reach out to colleagues and discuss change without going through a hierarchy of approvals. The more people within the organization you know, the more you will understand its intentions, and the better ability to sense change and realize new ideas. As it is important to network with people within the organization, the onboarding can be quite long and let new colleagues work at different places in an organization during the first months.

Employers in a Teal organization are in charge of their individual learning. In practice, a Teal organization often have a specific budget for trainings. Employees can sign up for any training both inside or outside of the company, if they believe the cost to be justified. In the internal trainings, employees are supported to become trainers. Classes are designed and presented by colleagues who are passionate about the subject, who tailor material to the organizational culture. The turning of colleagues to become trainers does both saves on cost and boost morale, as it is an opportunity to shine and be recognized for their expertise. Generally speaking, Teal organization often offers training in personal development and to establish a common culture, which is rarely found in traditional organizations.

#### 4.2.4.4 No job descriptions or titles

Teal organizations often lack job descriptions and job titles. In a self-managing organization, most people no longer have a single job that fits a generic description. Instead, employees have a unique combination of roles. Without job descriptions or titles people are forced to search within themselves for a personal and meaningful way to define who they are and how they can contribute. Since there are no pre-given labels or boxes to shape the identity, it allows people to fill their roles with more of their true unique personality and talents.

#### 4.2.4.5 Performance management turned into personal inquiry

Most people naturally wish to receive feedback on their contribution at work. The approach from a Teal organization is to use the annual appraisals as a personal inquiry of ones learning journey and calling. This will be moments where one's contributions are recognized, as well as inquire into deeper questions like *"What do you truly long to do? What are your unique gifts? What holds you back?"*

There are a few practices that helps to turn the performance management into a personal inquiry. Those practices does not hold an easy answer, but are there to help colleagues assess themselves more truthfully. As a starting point, feedback and annual appraisals are given by peers. Firstly, the peer must personally get involved and share

how one have been inspired, touch or frustrated as a result of the other person's actions. Feedback given this way is not an objective evaluation, but a joint inquiry. The peer open up to help the other person understand the impact of their behavior. The more one part opens up, the more invited the feedback partner feels to do the same. Secondly, the annual appraisal can be performed from a wide-angle perspective, by looking at a person's current roles in the wider perspective of her life journey, potential, hopes and calling. As this cannot be done on a pre-defined scale, the performance management needs to be more personal. Performance management can include storytelling, celebration of achievement and exploring the learning behind failures.

#### 4.2.4.6 Creating a safe and open workplace for people to be authentic

To show up authentic at work can feel risky, as people put out their selfhood for all to see and exposes themselves to potential criticism, ridicule or rejection. A safe and caring space that supports people to show up whole. One way of doing this, is to run a session about the company values and ground rules. This will contribute to a common language across the organization. Other examples includes a values day, values meetings, team supervisions, individual and peer coaching and using storytelling techniques.

Further on, the business office is also a way to create a safe and open workplace where people can be authentic. As a Teal organization truly values every individual, there is no executive floor or reserved parking spaces for the CEO. Office spaces are decorated to feel more like home, and the ideal location would be close to nature. The purpose is to create a safe environment where people feel free to express who they are, reveal their selfhood and venture into individual and collective wholeness.

#### 4.2.5 Teal Breakthrough 3: Self-organization

Self-organization, just as the traditional hierarchical pyramid model it replaces, works with a connected set of structures, processes and practices. This creates a base of how teams are set up, how decisions are made, how roles are defined, how salaries are set and how colleagues are recruited.

Self-organizing organizations are often described as complex, participatory, interconnected, interdependent and continually evolving systems. One could think of them as an ecosystem. The form of the organization follows the need, rather than the other way around. In a Teal organization, the aim is to allow all employees to grow into the strongest, healthiest version of themselves. The following sections will present how Teal organizations have embraced the breakthrough idea of Self-organization.

##### 4.2.5.1 Self-organizing teams

Teams have the power to make the decisions they need to reach their targets. Self-organizing teams are formed from the need, and can be temporary or on a long term perspective. The authorities within a Teal organization has no decision-making power,

their role is rather to provide guidance and support to the teams. Self-organized teams are based on mutual trust and the belief that employees are responsible people that can be trusted to do the right things. The following characteristics of Self-organization are related to self-organizing teams and their behavior.

#### 4.2.5.2 New roles created organically as opportunities or needs emerge

In Teal organizations, people are not made to fit pre-defined roles. Instead, a person's job will emerge from multitude of roles and responsibilities they pick up based on their individual interest, talent and organizational needs. This way of thinking can contribute to a higher adaptability and flexibility. New roles are created organically as someone senses an opportunity or need that calls for a new role. In practice, roles are therefore changing all the time to adapt to a changing environment. Careers do not follow a fixed path, since they are also emerging from people's interest and as opportunities appears.

Teal organizations talk about total responsibility for all colleagues. This means that everybody have the responsibility to do handle problems, even though it may fall outside their scope of role. The result in practice is that a person's concerns are unlimited, as it enables people to care for the organization as a whole. The urge to climb the career ladder is absent, as employees already have the power to create the combination of roles they want.

#### 4.2.5.3 Decentralized decision-making based on advice process

Anyone are free to make any decisions as long as they seek advice from the affected people as well as persons with expertise knowledge on the issue. Teal organizations have developed a way to handle this, called the advice process. This way, everyone with a strong opinion will get a say in the matter. People have the freedom to make decisions and seize opportunities while taking other views into account. The advice process involves everyone in an organization, including the board. The CEO level are often well informed as well as consulted by teams widely spread in the organization. The advice practice works both ways, leaders does also share their challenges with the employees. An important note is that the voice of people in a Teal organization does not have to be equal, but appropriate. When the advice process is set into action, trust is built, no one has power over anybody else and the ownership of a decisions stays with the decision maker.

The advice process also includes people setting their own salaries, with guidance from peers who gives feedback on the proposed amount. The last call for the final salary is still the person itself, who can choose to what extent the feedback should be considered. The discussion itself serves the purpose of making sure everybody feels that his or hers contribution is fully valued. There is also a strive for reducing differentials in salaries by boosting lower salaries and keeping higher salaries in check.

Teal organizations value intrinsic motivators higher than extrinsic. Once people make enough money to cover their basic needs, meaningful work where they can express

their talents matters more than incentives and bonuses. Therefore, bonuses are set on a collective level and will be shared across the organization.

#### 4.2.5.4 Total information transparency

Since self-organizing teams are free to make decisions, they expect access to all information. Therefore, all information are transparent, even financial data, salaries as well as team and individual performances. Another argument for the transparency is that non-public information causes suspicion, of why the information is concealed. Informal hierarchies will emerge when some people have more access to information than others. An argument for the opposite, to keep sensitive and private information nonpublic, protects people from anxiety with regards to weak financial results. Teal organizations argues that transparency is better than a false sense of safety.

#### 4.2.5.5 Few merely administrative staff

Teal organizations argues that the economies of scale occurring from central staff functions are often outweighed by the diseconomies of motivation. As teams are self-organizing, many of the staff functions are handled by the teams themselves. This way of acting creates a sense of freedom and responsibility for individuals and teams in the organization.



## 5. THEORETICAL GROUND FOR THE RIO FRAMEWORK

*This chapter presents the theoretical foundation of which the RIO framework is built upon. Central theories within ego development, consciousness development, human development and knowledge development are presented. Each theory consists of a varying number of stages, where the five stages in the RIO framework relates to some of them. For the stages related to Teal, a detailed theoretical description will be carried out. Lastly, a discussion regarding criticism of the theories will be held.*

The RIO framework is built upon a wide range of earlier studies and theories from an individual perspective. This section presents the underlying theories to provide the reader with further understanding for the theoretical base of the RIO framework. Each theory consists of a varying number of stages to describe a person's development from different points of views. Identification of the underlying theories has been made due to descriptions of the theoretical foundation carried out by Laloux (2014). From the book Reinventing Organizations, the theoretical ground has been fused and the six major theories will be presented below. Table 2 illustrates how the underlying theories is related to the organizational stages in RIO. Only the stages of the underlying theories corresponding to Teal will be presented in detail. All additional information regarding further levels of each theory can be found in Appendix A.

UNDERLYING THEORY	IMPULSIVE- RED	CONFORMIST- AMBER	ACHIEVEMENT- ORANGE	PLURALISTIC- GREEN	EVOLUTIONARY- TEAL
Ego Development Loevinger (1976)	Self- protective	Conformist	Self-aware	Individualistic	Integrated
Ego Development Cook-Greuter (1990)	Opportunist	Diplomat	Expert	Individualistic	Magician
Consciousness development Kegan (1982)	Imperial	Interpersonal	Institutional		Inter-individual
Knowledge development Piaget (1977)	Pre-optional conceptual	Concrete operational	Formal operational		
Needs and behavior Maslow (1943)					Self- actualization
Human development Grave (1974)	Egocentric	Absolutist	Materialist	Personalistic	Holistic

**Table 2. Stages of organizational consciousness, creating the theoretical foundation of RIO (Laloux, 2014)**

## 5.1 Ego development by Jane Loevinger

Jane Loevinger Weissman (1918 – 2008) developed a theory of personality. Her theory emphasizes the gradual internalization of social rules and the origin of personal decisions based on maturity. By combining previous developmental stage models, Loevinger integrated earlier "frameworks of meaning-making" into nine stages of humans' constructive potentials. The theory refers to *ego development* and seek to describe how the ego is striving to master, integrate and make sense of experiences (Lerner, 2003).

### 5.1.1 Loevinger's nine stages of ego development

Loevinger states that the ego mature physically and psychologically. Her framework was created by organizing a person's life stages into nine categories. Loevinger refers to the ego as a process rather than a "thing", where the process is used to construct and interpret the surrounding world (Witherell & Erickson, 2001). The nine sequential stages (Table 3) of development each represent an increasing complex way of perceiving the self in relation to the world (Young-Eisendrath, 1982).

EGO STAGE	IMPULSIVE CONTROL	CONSCIOUS PREOCCUPATIONS
2. IMPULSIVE	Impulsive, afraid of realization	Bodily feelings
3. SELF-PROTECTIVE	Opportunistic, afraid of being caught	Self-protective, trouble, advantage, control
4. CONFORMIST	Conformity to rules, shame	Appearance, social acceptability, behavior
5. SELF-AWARE	Differentiation of norms, exceptions allowable	Feelings, problems, adjustment
6. CONSCIENTIONS	Self-evaluated standards, self-criticism	Differentiated feelings, motives, achievements
7. INDIVIDUALISTIC	Tolerance, respect for individuality	Individuality, development, roles
8. AUTONOMOUS	Coping with conflict	Self-fulfillment, psychological causation
9. INTEGRATED	Recognition of inner conflict	Identity

**Table 3. Nine stages of development according to Loevinger (1987)**

Loevinger's framework rests upon studies of three elements in a person's maturity. The first element is called *the ego* and focuses on someone's sense of self-esteem or self-importance. The second element is called the *id*, which is the part of the mind where instinctive impulses innate and primary processes are rooted. The third element is referred to as *the super-ego*, the part of the mind that acts as a self-critical conscience and reflects social standards learned from teachers or parents. These three parts of the mind was explored in order to categorize a person's stages of ego-development. Loevinger states that each stage integrates the previous one and therefore, no one can skip a stage (Young-Eisendrath, 1982). As the ego develops, the

self-awareness in which one become aware of the differences between one's behavior and conventions grows. For some, this development reaches a certain level from where one does not continue (Loevinger, 1976). Out of the nine stages, the ninth stage of Loevinger's theory for ego development is part of the foundation for the level of *Evolutionary-Teal* in the RIO framework (Laloux, 2014).

#### 5.1.1.2 Loevinger's stage 9: Integrated

The ninth and final stage in Loevinger's ego-development is called the Integrated stage. At this stage, learning is understood as unavoidable and nothing in the world is unattainable (Young-Eisendrath, 1982). The ego is filled with empathy for others and the self as well as the capacity to identify inner conflicts and make peace with such issues (Witherell & Erickson, 2001). The conciliation with inner conflicts is the key element of the self-actualizing nature, along with a fully developed identity with a conciliation of the destiny (Loevinger & Wessler, 2001). The integrated ego have a full sense of identity and the person understands what it truly is. In the integrated stage, one search to actualize one's potentials to use all aspects of the self that one have become aware of when proceeding through the previous eight stages. Loevinger (1976) states that this stage is normally reached by less than 1 % of the population in the United States.

## 5.2 Ego Development by Susanne Cook-Greuter

Dr Susanne Cook-Greuter has further developed the nine stages of ego development presented by Jane Loevinger. She has pinpointed the sophisticated differences between each stage in Loevinger's model and presents a ten-stage framework for ego development. In difference from Loevinger, Cook-Greuter found that when one grows from stage to stage, a shift in perspective occurs. This shift is described as an increase in self-awareness one can take towards individual experience. In other words, one's relationships, worldview and values are changing as one grow. For example, one understand the world different at age 35 compared to when being 4 years old (Yeats, 2006). Over time, one' worldview becomes more expansive and inclusive.

When a human evolves to a more mature stage, it will change how one sees one selves and what one values. These factors are increasingly becoming more sophisticated, subtle and inclusive as a person transcends the stages (Cook-Greuter, 1990). Cook-Greuter argues that the identity has shifted from a primary concern in a material world towards the whole of human race and planet in the later stages. *Evolutionary-Teal* corresponds to the ninth stage in Cook-Greuter's theory of ego development (Laloux, 2014).

#### 5.2.1 Cook-Greuter's stage 9: Magician (Construct Aware)

Magicians see concepts as "me" or "not me" as limitations and find the idea of an ego to have been "made up" by human beings, as an attempt to explain the reality. The way of experiencing the self is new in this stage, as the self is considered to live in symbiosis with the rest of the universe as one is connected to everything else. Another notable thing is that the Magicians are the first to understand the power and the limits

with language. In the previous stages, people have only been aware of the fact that language allows communicating with one another. The Magicians see language as a tool to determine, define and shape the self. Language biases, mental map-making and social conditioning is attempts to understand existence of the human self as well as the reality. The social existence is powered by language and storytelling which influences what one can see and how one understands oneself. Magicians' starts to see beyond previously developed concepts and understand that concepts are true in one concept but it might not be in another and as a consequence, a concept cannot include a full understanding of the reality. For example, the concept of "good" should be defined with its opposite; "bad". The idea is that "good" requires "bad" as well as the other way around as they both are necessary and always present. As one separate opposites from each other, one tries to make sense of the world. According to Magicians, this is not the truth. For example, one cannot have a coin without two sides, as both sides constitute the actual coin.

### 5.3 Consciousness Development by Robert Kegan





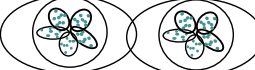
A central researcher within developmental theories is Robert Kegan, born 1946. His work explores the possibility and necessity of ongoing psychological transformation in adulthood. It shows the relationship between adult capacities and the demands of modern life as well as the evolution of consciousness in adulthood and its implications for supporting adult learning and professional development. (Kegan, 2014)

In 1982 Kegan published the book *The Evolving Self*. Here, Kegan introduced the Subject-Object theory, which explores meaningful activities by combining two schools of theory. The first school is the constructivist developmental psychology, which mainly rests on the work of Piaget (1977) (see section 5.6) and Kohlberg (1974). Piaget mapped how humans understand the physical world while Kohlberg charted how humans understand the social and moral world. Both theories were based on a cognitive approach, in other words, how people reason about the physical and social world. The other school that Kegan based his research upon is ego-psychiatry, which originates from Freud's (1920) psychoanalysis and later on represented by Erikson (1982). Erikson developed Freud's psychological stages into nine further stages that stretch throughout a lifetime. For example, one could say that the ego-psychiatry studied the man inside and out, as a receptive and sentient being, while the cognitive take the perspective of outside in, as a problem-solving and conceptual being. One can also explain this as the ego-psychiatry saw a man as a subject (which one can talk in therapy), while the cognitive human being as an object (which can be researched). The Subject-Object theory developed by Kegan is an attempt to model the evolution of ego and meaning, by taking its lead from the cognitive approach.

#### 5.3.1 Kegan's Subject-Object theory

The Subject-Object theory (Kegan, 1994) describes how different stages of development can be explained and mapped. This is described in terms of how a human perceive things as an object or a subject, in relation to the self. This

relationship could be explained as a process of being aware and relate to something that a person previously was embedded into (Kegan, 1982). For example, a baby cannot distinguish a difference between the subject (baby) and the object (mother). After approximately a year, the baby have gone through a subject-object reversal process and is able to different the self from the mother and see them as two separate objects. Kegan maps five stages of consciousness where a human being, between each stage, goes through a subject-object reversal process (Kegan, 1982). According to Kegan, transcendence between stages is driven by a need to find equilibrium in a context and that each development is a direct response to an increased complexity in the surrounding world. Those who reaches the fifth stage have the best prerequisites to understand higher levels of complexity. Kegan describes development as a “universal on-going process” that can be defined as adaptive and meaning-making. Kegan defines a framework with five stages of consciousness (figure 7), where he maps the work of Piaget (1977), Kohlberg (1974) and Erikson (1982) in stages of development (Kegan, 1982). Kegan also identified three underlying lines of development in his theory; cognitive, interpersonal and intrapersonal. Kegan’s fifth and final stage in his Subject-Object theory are related to the Teal stage in RIO (Laloux, 2014).

DEVELOPMENTAL STAGE / ORDER OF MIND (TYPICAL AGE)	WHAT CAN BE SEEN AS OBJECT	WHAT ONE IS SUBJECT TO	UNDERLYING STRUCTURE OF MEAN-MAKING
<b>1st order: Impulsive Mind</b> (2-6 years)	one's reflexes	one's impulses, perceptions	Single point 
<b>2nd order: Instrumental Mind</b> (6 years - adolescence)	one's impulses, perceptions	one's needs, interests, desires	Categories 
<b>3rd order: Socialized Mind</b> (post-adolescence)	one's needs, interests, desires	interpersonal relationships, mutuality	Across categories 
<b>4th order: Self-Authoring Mind</b> (variable, if achieved)	interpersonal relationships, mutuality	self-authorship, identity, ideology	Systemic 
<b>5th order: Self-transforming Mind</b> (typically >40, if achieved)	self-authorship, identity, ideology	the dialectic between ideologies	Systems of systems 

**Figure 7. Kegan’s five stages of consciousness**

5.3.1.1 Kegan’s stage 5: Interindividual

The fifth stage is the “Self-Transforming Mind” where individuals have the ability to see beyond themselves, others and all systems of which they are a part of to understand how all systems and people interconnect (Kegan, 1994). A system is its own system but all systems are aligned with each other instead of separated. One is a complete autonomous self and other persons are a complete autonomous self. It is

only in the relationship between subjects that true fullness of the subjects comes into being. According to Kegan (1982) not everyone evolves into the fifth stage of consciousness during a lifetime.

It is important to note that a higher stage of consciousness is not equivalent to a better or happier life. Kegan argues that the higher stages create a more authentic self with higher truth-value and integration with the surrounding world. It contains less subjectivity along with greater objectivity, which does not correspond to the intelligence or happiness of a person (Kegan, 1994).

#### 5.4 Hierarchy of Needs by Arthur Maslow

In 1943, Abraham Maslow presented a psychological theory that is referred to as “Maslow’s hierarchy of needs”, one of the most frequently cited theories of motivation in the management and organizational context (Wahba & Bridwell, 1987). The theory describes how human motivation and behavior can be divided into five stages of needs which develop throughout time (Maslow, 1943b). Prior to Maslow’s work in the area, social scientists had generally focused on factors as achievement, biology, or power to predict and to explain human behavior connected to its underlying motivations (Huitt, 2001). Maslow meant that previous approaches had disregarded the highest achievements of humankind by focusing on problems instead of human curiosity (Hoffman, 1988).

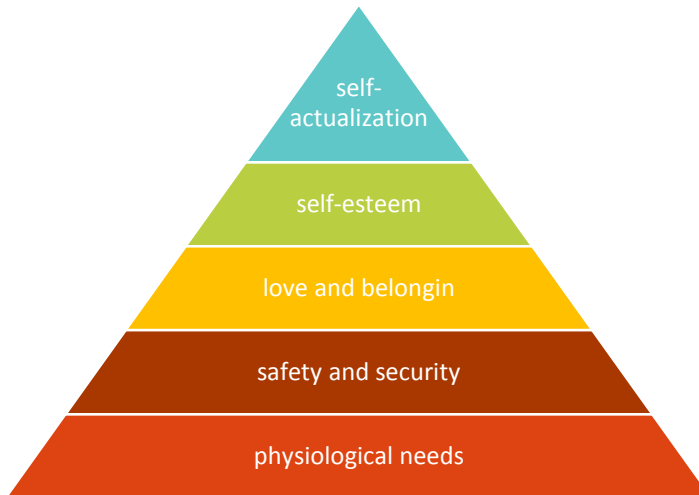
Maslow’s model of human needs and behavioral motivation is known in the area of social sciences and is based upon findings of several key thinkers, including Freud (1920, 1923), Fromm (1941), and Horney (1939, 1967). Before 1940, the hierarchy of needs was primarily used in the field of clinical psychology. It was not until the 1960’s that the model became utilized in the business sector (Steers & Porter, 1987).

Maslow (1943b) argued that the behaviors of a human being could either be highly motivated, weakly motivated or not motivated at all. Thus, he claims that most behavior is multi-motivated and that multiple motivations occurs simultaneously (Maslow, 1943a). For example, someone may eat because she is physically hungry, because she is afraid, because she feels lonely, because she is seeking pleasure or for all the mentioned reasons at once. According to Maslow, it is important to consider human behavior and needs in terms of a complete picture instead of separate factors (Maslow, 1943a).

##### 5.4.1 Maslow’s hierarchy of human needs

Within the model of human needs, five sets of human needs or goals are outlined: physiological, safety, love/belonging, esteem and self-actualization (figure 8). Laloux (2014) has used the fifth stage as an inspiration for *Evolutionary-Teal*. These basic needs are arranged and organized according to relative superiority. This means that as the basic needs are fulfilled, higher needs emerge as motivators of behavior. The most basic need motivates a person’s behavior and these needs should not be

considered singular or exclusive since when a superior need dominates the behavior, other needs may continue to influence the person (Maslow, 1943b).



**Figure 8. Maslow's hierarchy of human needs**

The model is based on gratification since satisfaction is the means through which higher needs develop superiority. Maslow (1943b) argued that the physiological, safety, love/belonging and esteem needs appear to be primary motivators of behavior once they are satisfied. Maslow illustrates this with a famous quote:

*"... a hungry man may willingly surrender his need for self-respect in order to stay alive; but once he can feed, shelter and clothe himself, he becomes likely to seek higher needs and will not trade his self-respect for food in the absence of extreme circumstances"*

(Maslow as cited in Hoffman, 1988, p. 154).

#### 5.4.1.1 Maslow's stage 5: Self-Actualization

The fifth and highest level of needs refers to a person's potential and the complete realization of that potential. Maslow describes the highest level of human needs as self-actualization. To clarify, he states that:

*"What a man can be, he must be."*

(Maslow, 1954, pp. 91).

This quotation forms the basis of the need for self-actualization. Maslow (1954) describes the level for self-actualization as the desire to accomplish everything that someone is capable of doing in order to become the most that he or she can be (Maslow, 1954). For example, one individual may have a strong desire to become an athletic expert whilst another one wishes to become an ideal parent, painter or entrepreneur. To reach the highest level of needs, Maslow argued that one does not

only have to achieve and fulfill the previous sets of needs, but master them. (Maslow, 1954).

### 5.5 Spiral Dynamics by Clare Grave

Clare Grave, professor in psychology tried to verify Maslow's work by asking over a thousand students what they perceived as healthy adults (Ede, 2013). From this study, he began to understand that values develop and relate with environmental conditions. Grave (1974) created eight stages of human development from his research. These levels are connected to the observed, eight different ways in which people perceive psychological health (Dinan, 1999). It is notable that odd numbers of levels tends toward individual orientation and even numbers towards collective communication (figure 9). If someone moves from one level to another, it means that they have gained answers to "life's-questions" on the existing level and is therefore including the previous level.

Grave (1974) did not initially use the term Spiral to describe his theory, he used the word double-helix. When the theory of Spiral Dynamics is referred to, the illustration of a Spiral is often used to visualize the idea (Dinan, 1999). Each whorl in the Spiral represents the flow from one reality or stage to the next. According to Grave (1974) both individuals and organizations move along the spiral path. Each move represents a shift in priorities, essences and values and the future may be anywhere along the Spiral, depending on where an individual or organization have their current position.

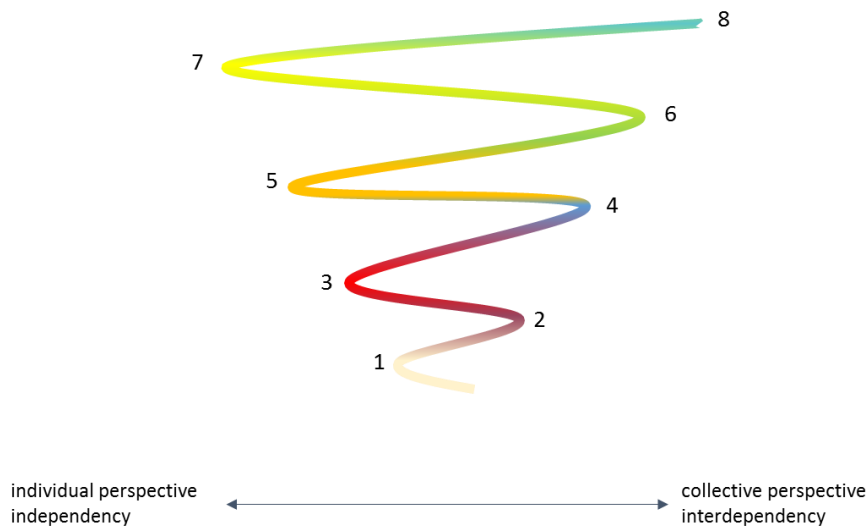
Movement along the developmental Spiral are reflections of the interaction between life conditions and the information one gains from its society and environment. In general terms, evolution is said to move towards a more elaborated, complex and inclusive way of being which is seen as the higher levels. However, Grave (1974) states that it is possible for an individual or organization to regress to the less complex, lower levels. Grave introduced a color-code system to label the levels in their peak conditions. The color choices were based on the following metaphors to help in remembering the sequence:

1. Beige - savannah grasslands and survival
2. Purple - color of royalty
3. Red - blood and emotional energy
4. Blue - sky and heavens
5. Orange - steel taking form at the furnace
6. Green - plants and ecology
7. Yellow - solar energy and life force
8. Teal - spiritual and life connecting

Grave (1974) points out that the levels are ways of thinking about something, not a fixed type of people. That means a person can be on several levels at the same time. The levels are said to be coexisting, in mixtures and clusters. There are mixtures and



blends within individuals and ranges of levels in organizations. The last stage in Grave's (1974) developmental theory corresponds to Laloux's description of *Evolutionary-Teal*. Laloux has adopted the colors and names used in the RIO framework from the theory of Spiral Dynamics (Laloux, 2014).



**Figure 9. Grave's including levels of human development**

### 5.5.1 Grave's stage 8: Turquoise – Holistic

In the eighth stage, one tries to seek spirituality and unity in systems to adopt a more long-term strategy. This is, as the person sees the world in danger of destruction as a result of short-term strategies. It is a focus on eliminating poverty, hunger and war, which could be done by sacrificing the self and others as it might be required for the overall survival of humanity.

### 5.6 Knowledge development by Jean Piaget

Jean Piaget (1896-1980) was a Swiss scientist who has had a major influence on how mental development is generally perceived. Piaget believed in operative knowledge, where transformation and change creates knowledge and that people have a need to understand the surrounding world (Blake & Pope, 2008). If someone does not understand why things around them happen, they experience a mental imbalance and anxiety. Piaget (1970) describes two different processes for adaptation and a person's ability to fit in its environment (Dimitriadis & Kamberelis, 2006). To create a complete picture of the world, new experiences must adapt and be added to pre-existing experiences. It is important that the adaptation is made without a change in a person's cognitive structures. Piaget calls this assimilation (Aroseus, 2013). When new experiences are created, it might be that old knowledge must be restructured in order

to attend a unified explanation. Piaget calls this reconstruction process for accommodation (Campbell, 2006). New experiences challenge the previously known worldview, which means that curiosity is important for the individual's mental development and intelligence. According to Piaget, the developmental ideal is to find equilibrium between assimilation and accommodation (Agnes, 1999). Piaget's studies evolved around the errors children made in relation to adults and the possibility that the errors were not random (Blake & Pope, 2008). His theory identifies four stages (figure 10), of which a human move through as one gradually acquires the process of coming to know.

### 5.6.1 Piaget's four stages of knowledge development

None of Piaget's four stages of knowledge development has been stated to correspond to the stage *Evolutionary-Teal* (Laloux, 2014). However, stage number two, three and four in Piaget's theory correspond to the first three levels in the RIO framework (*Impulsive-Red, Conformist-Amber and Achievement-Orange*). A detailed description of Piaget's stages of knowledge development can be found in Appendix A. The importance of Piaget's work is the processes for adaptation and movement between different levels. As the RIO framework describes how organizations shift between stages of consciousness, a theoretical ground for adapting and assimilate such shifts are necessary in order to validate the RIO-framework.

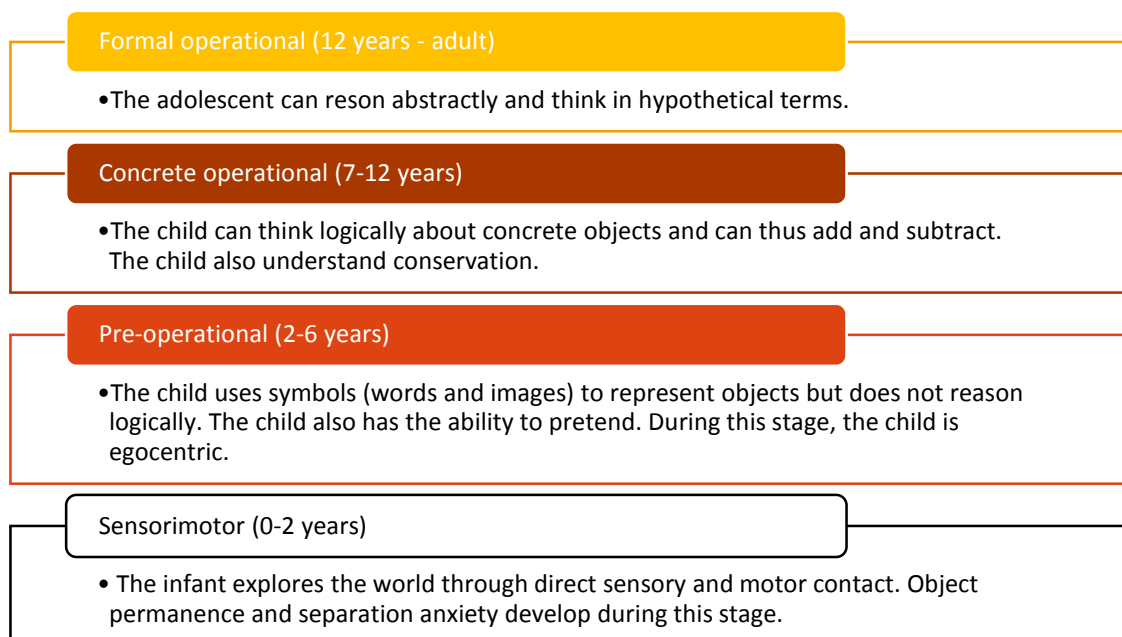


Figure 10. Piaget's four stages of learning

## 5.7 Criticism to underlying theories

The RIO framework is based upon several well-known theories of various academic fields, of which six of has been presented in this thesis. Many of these theories have been studied and evaluated by external researchers, who have attempted to validate, prove and criticize the trustworthiness of the theories. As a result, the theories have been criticized in terms of research methods, cultural context, and the fact that no theory alone can provide a full description of a person's development through life. The following sections will present a critical point of view to the previously presented theories.

### 5.7.1 Research methods

When Maslow developed the hierarchy of needs, he analyzed biographies and writings of 18 people that he had defined as self-actualized. From this, he developed a list with factors and qualities that was characteristic for this specific group of people (Cherry, 2015). Critics argue that this research approach is problematic as biographical analysis is subjective and based upon the opinion of the researcher. The definition of self-actualization could therefore not be accepted as a scientific fact (Kaur, 2013). Furthermore, the participants were mainly highly educated white males, for example Albert Einstein, Gandhi and Abraham Lincoln (Hofstede, 1984). It is therefore difficult to generalize Maslow's theory to females, individuals with different ethnicity or persons from lower social classes. Piaget's (1970) research has also been criticized, in this case for using too small samples of children when searching for structures common to all individual in his sample. Edwards, Hopgood, Rosenberg and Rush (2000) have attempted to validate Piaget's theory by performing several studies in the field of knowledge development among children. They concluded that Piaget's (1970) research is, apart from characterized by small samples, lacking control and statistical analysis. As both Maslow's and Piaget's theory is developed many years ago, some argue that the scientific orientation back then differs from today's research (Edwards et al, 2000).

### 5.7.2 Hierarchal order of development

Maslow's theory have been criticized regarding the assumption that lower needs should be satisfied before someone can achieve self-actualization. Wahba and Bridwell (1987) reported there to be little evidence for Maslow's ranking of the needs as there is no evidence of needs following a hierarchical order. By studying cultures with a large number of people in poverty, it has been clear that humans are still able to reach higher order of needs such as love and belongingness (Cherry, 2015). This does not correspond with Maslow's theory, which implies that people who do not fulfil the very basic need of food and shelter cannot meet higher growth needs (Tay & Diener, 2011). Similar criticism has been carried out regarding Kegan's theory of consciousness development. As stated in 5.3.1, Kegan identified three underlying lines of development; cognitive, interpersonal and intrapersonal. He assumed that they are firmly connected. In other words, if one moves from the 3rd order of consciousness

to the 4th, the leap will increase development in all three lines simultaneously. Wilber (2000) means that it is possible to be highly involved in some lines while low in others at the same time. Such independence among the lines of development is not cared for in Kegan's theory.

### 5.7.3 Validation of underlying components

Loevinger's (1976) and Cook-Greuter's (1990) theories of ego development represent an important and well-known approach to personality development (Manners & Durkin, 2001). The ambitious scope of Loevinger's (1976) and Cook-Greuter's (1990) research incorporates structures, functions, content, and processes. Due to the number of underlying components in the theory, many researchers have raised questions regarding its broadness. Some argue that it lacks real meaning and theoretical coherence (Broughton & Zahaykevich, 1988). Additionally, Noam (1988, 1993) and Labouvie-Vief (1993) have questioned the unitary nature of the conception of the ego. Noam (1988) and Labouvie-Vief (1993) argue that Loevinger's theory of ego development attempts to combine two independent interacting dimensions into a single unit. The first dimension is self-complexity, which is a mental process. The second dimension is self-integration, an emotional and social process. Loevinger (1993) agrees that the construction of the theory is broad and complex, but that it is a result of the empirical data, rather than previous theory. According to both Loevinger (1976) and Maslow (1943), the complexity of emotions and needs are expected to increase along with ego development. At lower levels, emotions are described in concrete terms, referring mainly to physical actions and single emotions. At higher levels, emotions are referred to complex feelings, in other words, inner conflicts, developing more complex needs. The existence of inner conflicts is supported by the findings from Labouvie-Vief, DeVoe & Bulka (1989). Labouvie-Vief et al (1989) created a rating system for emotional understanding, partly based on Loevinger's (1976) description of ego development. The system was constructed to rate the complexity of four emotions: anger, fear, happiness, and sadness. A significant correlation was identified between the ego levels and the level of complexity for each of the four emotions. Similar correlation were found by Lane, Quinlan, Schwartz, Walker & Zeitlin (1990) who used a five level rating system for the complexity of emotional responses to stimulate the previously mentioned four emotions. To conclude, there are researchers who argue that Loevinger's theory is validated in terms of underlying correlation between underlying emotions (Lane et al, 1990).

### 5.7.4 Social and cultural context

Kegan's theory of consciousness development has been widely questioned over the years. Wilson & Hayes (2009) point out that Kegan's theory excludes a description of development of how an individual increase the connection with others. According to Wilson & Hayes (2009), this creates a validation gap of Kegan's theory, as it expresses a limited direction of development. The reason is that all theories simply are a

consequence of their cultural context. Kegan's theory simply represents a state of development that has emerged from the studied culture, not the universal culture context he claims to explain (Wilson & Hayes, 2009). The same argument could be applied to Maslow's hierarchy of needs, as it is based upon empirical studies of a small, homogenous group of people. Therefore, Maslow's theory might only be applicable to people living under the same circumstances as the studied objects. Furthermore, some argue that Kegan's five levels are insufficient to describe all conscious stages of a person's life. Wilber (2006) presents a map with developmental lines that includes Kegan's order of consciousness as one of the lines. According to Wilber (2006), Kegan's fifth order of consciousness only reaches to the second out of three levels on this scale. The third line of Wilber's (2006) theory refers to even higher levels of consciousness development. Wilber argues that Kegan has set an artificial barrier to his levels. This argument is supported by, for example, Loevinger (1976) who presents a model for ego development with nine stages. Even if Loevinger's theory refers to two separate types of development, both include an analysis of the perception of the self in relation to others. Wilber (2006) argues that ego development is a form of consciousness development, which makes it valid to question whether Loevinger's (1976) theory are sufficient to describe every person on the planet. Some also believe that Piaget's (1970) theory of knowledge development has overlooked the effects of social and cultural contexts. In the work of Piaget, formal operations and scientific thinking are presumed to be reached by children depending on age. However, there is a possibility that the level of development varies among children from different cultures (Edwards et al, 2000). Grave's theory, Spiral Dynamics, has also been questioned due to the variety among human cultures over time. Bauwens (2005) is one of the most known critics to Grave's theory. Bauwens (2005) claims that humans have changed systematically in terms of psychosocial dimensions and the time period proposed in Spiral Dynamics does not count for those changes (Bauwens, 2005). Furthermore, many of the practical implications for Grave's theory have been questioned in terms of morality, as it tends to divide people into groups according to elitism (Hill, 2015). The theory of Spiral Dynamics separates people into levels of superiority. Critics emphasize that when someone operates on the, for instance, second level in Spiral Dynamics, one has the capacity to make decisions for others, even if that ability might not be used. Bauwens (2005) argues that it is rather a choice of the individual, where Grave's theory does not take that choice into account.

### **5.8 Individual and organizational consciousness**

All of the presented theories in this chapter concerns consciousness development from an individual perspective. As the RIO framework aims to describe consciousness development from an organizational perspective, a connection between the development from an individual and organizational perspective to be further explained.

### 5.8.1 From culture to collective consciousness

Modern research mainly focus on the concept of culture when organizations are analyzed (Gustavsson, 1994). A cultural perspective tend to explain organizations as subjective units where the collective perceptions are formed by the interactions between the organization's symbols, purpose and members (Alvesson & Berg, 1992). The interaction between such attributes is referred to as collective consciousness, a more conceptual tool than culture (Smircich, 1983). The most widespread and used definition of collective consciousness is:

*"[...] the set of shared beliefs, ideas and moral attitudes which operates as a unifying force within a group, organization or society"*

(Allan, 2005, p. 108)

Collective consciousness connects individuals within an organization to its origin, rather than culture, and often formed by leaders in an organization (Sackman, 1991).

### 5.8.2 Relation between individual and organizational consciousness

Collective consciousness is defined as the total sum of the level of consciousness of the members in an organization. The aggregated, individual level of consciousness contributes to the overall quality of an organization (Gustavsson & Harung, 1994). The stage of development is one of the primary factors determining a person's perception of the reality. The perception of the reality is presented as level of consciousness in Kegan's Subject-Object theory, where individuals can exhibit various stages of development. It is believed that an organization can exhibit similar stages from a perspective of collective consciousness (Torbert, 1988). Researchers point out that the level of total psychological development for a group of individuals constitutes the collective level of consciousness. Accordingly, a high level of collective consciousness will exhibit a high level of organizational development. It is the characteristics of the wholeness that will define the level of organizational consciousness. (Gustavsson, 1994). Psychological theories describing an individual's development in various stages trough life is said to be applicable to organizational development in terms of collective consciousness (Torbert, 1988).

### 5.8.3 Individual and organizational shift in stages

Theories within consciousness development describes how humans evolve in successive stages. The theories all implies that an individual start from the lowest stage, and develops from one stage to another. From an organizational perspective, there is no given starting point. An organization can emerge starting at any stage. Further on, it is not certain that an organization develops to any higher stage at all (Laloux, 2014).

Organizational development in consciousness does not follow a strict path, as individual consciousness development seems to do. Organizations emerging on a stage can be seen as a result of individuals that have developed in consciousness to that stage. In turn, these organizations can facilitate for people to shift stage. The

structure, practices and culture that organizations put in place can help individuals to adapt behaviors of a higher stage, that they as individuals have not yet fully integrated (Laloux, 2014).

## 6. THEORETICAL ANALYSIS

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*This chapter presents a theoretical analysis of the RIO framework. Firstly, a theoretical validation of RIO's theoretical foundation is carried out. This part will focus on the criticism of the underlying theories, and how they may relate to the RIO framework. Secondly, a discussion of RIO in relation to its theoretical foundation is discussed. The purpose of this part is to answer research question, (RQ1a), to find a bridge between Teal and its theoretical foundation.*

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### 6.1 Theoretical validation of RIO's theoretical foundation

This section presents a discussion regarding the theoretical validation of the RIO framework. The underlying theories of RIO have been criticized for various reasons. In this section, the authors aim to discuss if RIO can be questioned on the same grounds as the underlying theories.

#### 6.1.1 Superior levels

The RIO framework describes how an organization develops in terms of collective consciousness. Higher stages have the ability to handle higher degrees of complexity (Laloux, 2014). Grave's (1974) theory of Spiral Dynamics has been criticized since it divides people into different levels of superiority. The separation of organizations on different levels is not used in the RIO framework. Laloux (2014) argues that an organization operating on a certain stage, has the opportunity to act from a lower stage depending on the situation. Laloux also emphasizes that a higher stage is not considered to be better than a lower. Instead, a higher stage of organizational development in RIO has the ability to handle higher levels of complexity (Laloux, 2014). It simply means that each stage is differently suitable to different contexts. The drawback of Spiral Dynamics has therefore not influenced the RIO framework. Spiral Dynamics have rather influenced the RIO framework in terms of colors and names to the levels (see section 6.2.1).

#### 6.1.2 Simultaneous development

Kegan's (1994) Subject-Object theory has been questioned, since it seems to limit a person to shift in various lines simultaneously. As Wilber (2006) points out, a person is likely to develop in separate lines, which does not need to happen at the same time. The RIO framework stands upon a theoretical ground of organizational consciousness development. The stages have been described by 33 processes along with major breakthrough ideas. For simplification, the 33 processes could be related to Kegan's (1994) three lines of development, cognitive, interpersonal and intrapersonal (see Chapter 5.3.1). As mentioned earlier, an organization rarely corresponds to a certain level in all of its processes (Laloux, 2014). Hence, the RIO framework allows for an organization to operate from various stages simultaneously. Laloux also states that it is rare for an organization to fully operate from one stage alone. The criticized aspect of Kegan's work, where an individual is said to fully correspond to a certain level of consciousness, is not adapted in the RIO framework.



### 6.1.3 A theory that explains “it all”

Loevinger’s theory of ego development is one of the most cited and commonly used source in the academic field of psychological development (Labouvie-Vief et al. 1989). Critics argue that Loevinger (1976) searched to fully describe the evolvement of ego development, with a too ambitious scope. No theory can ever stand alone to describe everything (Labouvie-Vief et al. 1989). The theoretical foundation of RIO includes insights from a number of well-known theories, where the theories have contributed with different attributes to develop the framework (Laloux, 2014).

### 6.1.4 Cultural context

Finally, all of the underlying theories have been criticized regarding their cultural context. More specifically, critics have challenged the examination of a certain group of people in a specific culture. Critics state that the theories only are applicable to groups or individuals with similar cultural background as the theories aim to explain. For example, researchers have tried to verify the work of Piaget (1970), where results indicate that children can reach higher levels of knowledge development regardless of wealth or culture (Edwards et al, 2000). In this thesis, the application of the RIO framework is made in a similar cultural context in which Laloux (2014) developed RIO. Criticism regarding cultural and social context is not considered as applicable and will therefore be disregarded.

## 6.2 RIO in relation to its theoretical foundation

Laloux (2014) has created the RIO framework by combing several theories in the area of psychological development, (the most vital theories presented in Chapter 5). Laloux’s main focus is the latest paradigm shift within organizational development, the shift from *Pluralistic-Green* to *Evolutionary-Teal*. This section will present an analysis of how the Teal stage is related to its underlying theories.

### 6.2.1 RIO’s stages in general

The colors and names of the stages in RIO is based on Grave’s (1974) theory Spiral Dynamics. Coexistence on several levels is natural according to Laloux (2014). The same mindset is used by Grave (1974), as he argues that an individual can correspond to several levels at the same time. In addition, an individual also has the ability to operate from lower stages. It is notable that Grave (1974) states that the levels in Spiral Dynamics are superior to each other. Higher levels are considered better than lower as the higher levels are more complex (Grave, 1974). Laloux (2014), on the other hand, adds that this does not make an organization on a high level better than any other (as recently mentioned in chapter 6.1.1.). Kegan (1994) support this reasoning, as he proposes that no stage in his Subject-Object theory is equivalent to a better life or a higher level of intelligence.

### 6.2.2 Transcendence from one stage to another

Loevinger's (1976) theory of ego development includes nine stages of which a human must pass all of the first eight in order to reach the ninth stage. The idea is that an individual develops during a lifetime, where everyone starts the development as a child with perceptions that will eventually evolve. Laloux (2014) argues that organizations can be "born into" later stages in RIO and does not have to climb through all five stages. Furthermore, Piaget (1970) describes how an individual adds new experiences which change one's current worldview. Assimilation to new experiences and a more complex environment constitutes one of the foundations in the RIO framework. Laloux (2014) argues that the latest paradigm shift for organizations is a result of a combination between individuals' consciousness development to higher stages and the organization's strive to enrich the world. An organization has the possibility to choose which stage it would like to operate from. The member's individual purposes and the organizational purpose might change as new conditions and terms may arise. New experiences can therefore be added to previous and the organizational behavior may shift to correspond to another stage in RIO.

### 6.2.3 Teal's three breakthrough ideas

*Evolutionary-Teal* includes three breakthrough ideas: Self-organization, Wholeness and Evolutionary Purpose. Laloux presents practices for all of the breakthroughs, describing how a Teal organization operates. The ninth stage in Loevinger's (1976) theory of ego development proposes that an individual learns to identify inner conflicts and strives to actualize its own potential. Cook-Greuter's ninth stage further describes that one strives to live in symbiosis with others and connect the identity to the surrounding world. The breakthrough idea of Wholeness defines how members of an organization can reconnect with their inner unity (Laloux, 2014). Practices are defined to support one to bring all of one's identity to work, including emotional and intuitive parts. From an organizational perspective, the breakthrough idea of Wholeness creates a workplace where people can unleash creativity and contribute to the organizational development. The breakthrough of Wholeness has a theoretical connection to both Loevinger's (1976) ninth stage and Cook-Greuter's (1990) ninth stage. In addition, Maslow's fifth and highest stage in the hierarchy of needs proposes that the individual searches to maximize one's potential to fulfill the individual purpose (Maslow, 1943b). This relates to the ideas of Wholeness and Evolutionary Purpose. Firstly, the relation to Wholeness is there, as Wholeness supports an individual to be what one can be and maximize one's identity. Secondly, the relation to Evolutionary Purpose is there, as Evolutionary Purpose aims to have individual and organizational purpose reinforcing each other (Laloux, 2014). Therefore, the organizational purpose should be clear, to enable members to resonate with it. As a result, people who are aware of their individual purpose will contribute to the organizational purpose, and thereby the development of the organization.

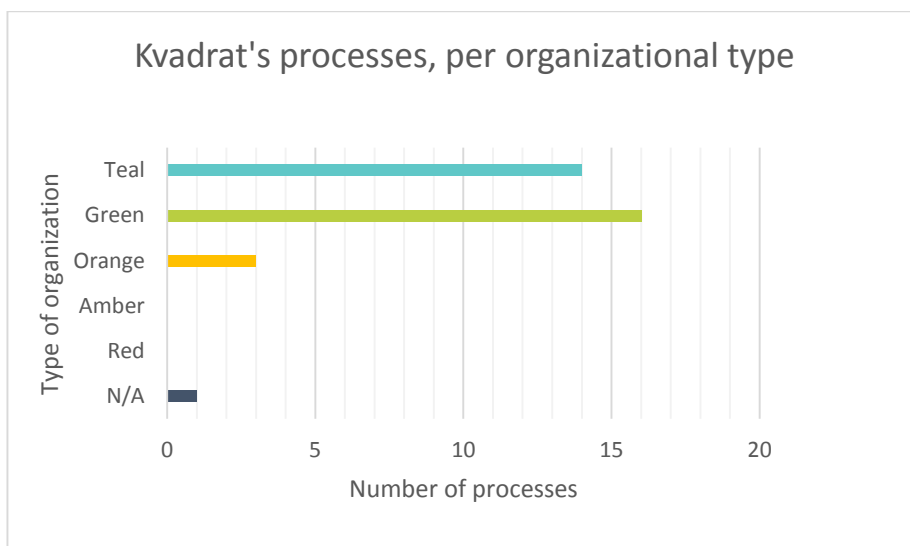
## 7. EMPIRICAL ANALYSIS

*This chapter presents the empirical analysis, based on empirical findings from interviews with consultants and employees at Kvadrat. The analysis is divided into three main sections. Firstly, the result of the analysis matrix is presented, where Kvadrat's processes have been mapped to processes the RIO framework. Secondly, how Kvadrat corresponds to a Teal organization, regarding the metaphor and breakthrough ideas of Teal is presented. This section follows the same structure as Chapter 4.2 Teal organization. Thirdly, an empirical evaluation of the RIO framework is carried out.*

### 7.1 Result of analysis matrix

As stated in the Methodology, chapter 3.3.1 (Creating an analysis matrix for empirical data), an analysis matrix was developed in order to analyze the empirical data (Appendix F). The matrix was based on Laloux's (2014) list of 33 characteristics for the stages *Achievement-Orange* and *Evolutionary-Teal*. The authors expanded this list to also include characteristics for the other stages. In addition, the authors also added a 34<sup>th</sup> characteristic, leadership (see Chapter 3.3.1). All of the 34 characteristics is seen as of equal importance.

The empirical data collection was done by 19 interviews with consultants and employees at Kvadrat (Appendix D). Each process was analyzed, to define what stage in RIO it mostly related to. Thereafter, the resulting number of characteristics at each stage was counted, see diagram 1 for an overview of the result, and table 4 for a more detailed result.



**Diagram 1. Result of how many processes Kvadrat corresponds to at each stage.**

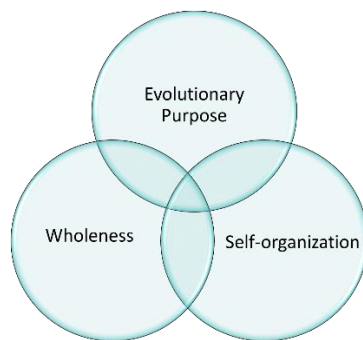
Some of Kvadrat's processes related to two stages. For example, Kvadrat's organizational structure, process ID 1, can be related to both the stages Green and Teal. This process was therefore stated to be half Green and half Teal. As a result, Kvadrat has 14 number of processes mostly corresponding to the Teal stage, 16 to the Green stage, 3 to the Orange stage, and finally 1 process was not applicable. The last practice, Performance management, was not possible to match with any of the characteristics from the analysis matrix. In the area of Performance management, only characteristics for the stages Orange, Green and Teal were found in RIO. As Kvadrat's performance management did not match these three stages, there is a possibility that it could either be matched to the stages of Red or Amber, or not matched at all. Despite this, matching this process to any stage would not change the final result. Based on the result of the analysis matrix, it can be stated that that Kvadrat stands on a base of Green with a touch of Teal.

CATEGORY	PROCESS ID	AREA OF PROCESSES	KVADRAT					
			RED	AMBER	ORANGE	GREEN	TEAL	N/A
STRUCTURE	1	Organization structure				0.5	0.5	
	2	Coordination				x		
	3	Projects					x	
	4	Staff functions					x	
HUMAN RESOURCES	5	Recruitment					x	
	6	Onboarding				x		
	7	Training					x	
	8	Job titles & job descriptions					x	
	9	Individual purpose				x		
	10	Flexibility & time commitment					x	
	11	Performance Management						x
	12	Compensation			0.5		0.5	
	13	Appointments & promotions					x	
	14	Dismissal					x	
DAILY LIFE	15	Office Spaces				0.5	0.5	
	16	Meetings				x		
	17	Decision making				x		
	18	Conflicts				x		
	19	Information flow			0.5	0.5		
	20	Values				x		
	21	Reflective Spaces				x		
	22	Mood management			x			
	23	Community building				x		
MAJOR ORGANIZATIONAL PROCESSES	24	Purpose					x	
	25	Strategy				x		
	26	Innovation & product development					x	
	27	Supplier management			x			
	28	Purchasing & investments				x		
	29	Sales & Marketing					x	
	30	Planning, budgeting, & controlling				x		
	31	Environmental and social initiatives					x	
	32	Change management				x		
	33	Crisis management				0.5	0.5	
ADDED	34	Leadership				x		
SUMMARY			0	0	3	16	14	1

**Table 4. The result of the analysis matrix where Kvadrat's processes has been matched to 34 processes in RIO**

## 7.2 How Kvadrat corresponds to a Teal organization

In this section, an analysis is carried out on how well Kvadrat corresponds to a Teal organization. Firstly, how Kvadrat sees itself is compared to the metaphor of Teal. Thereafter, how Kvadrat relates to the breakthrough ideas of Teal is analyzed. A summary is presented after each breakthrough. See figure 11 as a reminder of the three breakthrough ideas.



**Figure 11. Teal's three breakthrough ideas**

### 7.2.1 The metaphor of Teal

A metaphor gives a clue of how the organization sees itself, regarding its core and reason to exist. The guiding metaphor of a Teal organization is a living system or organism, where change happens organically at all times at all places. A living organism is a complex and self-organizing system, with a soul and purpose of its own.

At Kvadrat, the organization does not hold a specific metaphor for everyone to use. During the interviews, several respondents used the metaphor of a living system or entity. Fredrik Skörvald, former CEO at Kvadrat Malmö, describes Kvadrat as an organism, with intrinsic incentives where growth happens when new consultants join (Skörvald, 2015<sup>5</sup>). Another metaphor was expressed by Stefan Gullberg, CEO at Kvadrat Stockholm Management. He uses the metaphor of a shepherd. He explains that the CEO is the shepherd, and the consultants are free to run wherever they please. The structure is not fixed, and changes organically in an unpredictable way (Gullberg, 2015<sup>6</sup>).

These two metaphors fits with how a Teal Organization see itself; a complex living entity with a self-organizing structure that changes organically. Other metaphors used by respondents to describe its organization express similar characteristics. As a result, the Teal metaphor of a living system match with how Kvadrat experiences itself.

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<sup>5</sup> Personal communication, 2015-03-20

<sup>6</sup> Personal communication, 2015-03-06

### 7.2.2 Teal Breakthrough 1: Evolutionary Purpose

Teal organizations is said to have a life of their own, and the ability to sense the need for changes. People operating in a Teal organization should be able to feel what purpose the organization would like to serve and embrace that purpose in everything they do. The purpose of the organization is equally important as the individual purpose, which should be addressed and encouraged by the organization. The focus should be to achieve the purpose rather than increase profits.

#### 7.2.2.1 Sense and respond with fast iterations

A Teal organization believes that it is impossible to control and predict the future, why sense and respond to the changing environment is its strategy. In practice, individuals and teams are empowered to sense that change is needed.

In a Teal Organization, every individual is important when setting the overall strategy for the organization. At Kvadrat, there are diverse views regarding to what extent all colleagues can influence the strategy. More than 50 % of the interviewees state that the board independently sets the overall strategy. Other argues that the CEO at each business office contributes with their specific knowledge to the board, prior to when the strategy is set. At the same time, there is a structure of CEO's, boards and executives, indicating a hierarchy for decisions. As the consultants influence the CEO who gives a recommendation regarding the strategy to the board, the consultants indirectly influence major decisions. Since Kvadrat is an employee-owned company and the consultants elect the board members, it can be argued that the strategy is somewhat rooted with the consultants.

#### 7.2.2.2 Purpose gives profit

A Teal organization is led by a strategy that aims to fulfill the organizational purpose. To fully embrace the breakthrough Evolutionary Purpose, the organization should value purpose higher than profit and growth. The mindset is that in the long run, purpose gives profit. Kvadrat's purpose is to "create the happiest consultants in the world", where the belief is that happy consultants will perform better which in turn creates profitability and support growth (Nordahl, 2015<sup>7</sup>). Out of 19 answers to the question "How do you experience the balance between purpose and profitability?" 14 respondents argue that Kvadrat focuses more on its purpose rather than profitability. Despite, almost all of the respondents agree that growth is vital for the organizational development and that profit is the key to pursuing the organizational purpose.

Of the 19 respondents, five of them had different thoughts about the balance between purpose and profit. Johan Isaksson, consultant at the Gothenburg office, is one of them. He does not experience an explicit strategy to balance profit and purpose (Isaksson, 2015<sup>8</sup>). Further on, he expresses that Kvadrat's business model allows for

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<sup>7</sup> Personal communication, 2015-02-12

<sup>8</sup> Personal communication, 2015-03-11

freedom and opportunities, regarding what offers to accept from clients as well as the number of working hours. According to Isaksson, this freedom facilitates for a consultant to fulfil one's individual purpose. Another consultant, who experiences a gap between purpose and profit is Kristina Diné, located in Malmö. She believes that Kvadrat has the potential to fulfil its purpose, but have a long way to go (Diné, 2015<sup>9</sup>). As of today, she experiences that Kvadrat's primary focus is profit, and that profitability is valued higher than purpose.

#### 7.2.2.3 Adapt from within, with no explicit change management

An organization that operates from an Evolutionary Purpose supports change initiatives coming from within. All of the employees should feel free to act and realize an initiative if it feels right. A Teal organization does not have an explicit department for change management as change occurs everywhere, at all levels and at all times. More than 70 % of the respondents argues that everyone is contributing to initiate change initiatives and that no one is afraid to share an idea or come up with a proposal.

Nearly all of the respondents from the administration argued that their roles have changed based on the needs. Since Kvadrat strive to adapt changes from within, it listens to the need of the organization and believes that it is important to learn from mistakes. Eva Ljungström, Event Coordinator at Kvadrat Holding, has been working at Kvadrat since 1990. She argues that change initiatives always originate from the consultants (Ljungström, 2015<sup>10</sup>). Major changes are seen as milestones and minor changes are taking place everywhere at all times.

#### 7.2.2.4 Individual and organizational purpose reinforces each other

Self-reflection is a vital component in a Teal organization as it encourages employees to find their individual purpose. A Teal organization provides employees with tools and time to reflect when needed, which may be during working hours. At Kvadrat, the general opinion is that no such time is given by the organization. Fredrik Wessberg (2015<sup>11</sup>), COO at Kvadrat Holding, argues that:

*“There is time for self-reflection, but very rarely does anyone choose to use that time”.*

Fredrik Wessberg, COO at Kvadrat Holding

However, no one would question if anyone feel the need to leave the office and take a break for reflection, but it is up to the individual to make it happen. Carl Johan Lillieroth (2015<sup>12</sup>), consultant at Kvadrat Gothenburg, and Kristina Diné, consultant at Kvadrat Malmö, agree that there is a limited opportunity for self-reflection as the

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<sup>9</sup> Personal communication, 2015-03-18

<sup>10</sup> Personal communication, 2015-03-09

<sup>11</sup> Personal communication, 2015-03-09

<sup>12</sup> Personal communication, 2015-03-12



consultants work in client-based projects. Diné (2015<sup>9</sup>) argues that the corporate culture at Kvadrat is supporting reflection “by default” as a result of the open-minded atmosphere and willingness to listen to each other.

Furthermore, a Teal organization embraces and supports its employees to satisfy their individual purpose. Kvadrat does not have any explicit practices to meet this requirement. At Kvadrat, many people define the role of the CEO as to run the organization, to allow for the consultants to focus on their projects. The CEO should also help the consultants to fulfil their individual goals. As the individual goals and purposes vary, it is important for the CEO to make an effort to understand those purposes. At the same time, Kvadrat does not have any processes to support individuals in finding their personal call. The general idea is that it is everyone’s own responsibility to find one’s purpose. Kvadrat’s focus is rather to support the fulfillment of the individual purposes, and thereby fulfil its organizational purpose. Fredrik Skörvald, former CEO at Kvadrat Malmoe, agrees:

*“The purpose of the CEO is to be a catalyst for the consultants’ individual development”*

Fredrik Skörvald (2015<sup>13</sup>), former CEO at Kvadrat Malmoe

In addition, Kvadrat has developed a practice for education that, to some extent, could support the employees to fulfil their individual purpose. The consultants receive a financial contribution, covering 50 % of the cost for internal or external trainings. This educational budget could therefore be used to fulfil the individual purpose. Additionally, Kvadrat has a mentoring program where new recruits are matched to a mentor. Stellan Nordahl, consultant at Kvadrat Malmoe, states that if there is a good match between the adept and mentor, the mentor could also coach the adept in terms of individual purpose. Nordahl (2015<sup>14</sup>) himself pursued coaching sessions with his mentor. Nordahl adds that it is each consultant’s responsibility to initiate discussions with regards to one’s individual purpose.

#### 7.2.2.5 Competitors are embraced to pursue purpose

For Teal organizations, other firms are not seen as competitors. Other firms that strive to fulfil a similar purpose are embraced, as they are better off helping each rather than competing. Members at Kvadrat have a united view on competitors. Carl Johan Lillieroth (2015<sup>15</sup>), consultant in Gothenburg, summarizes by stating:

*“We grow to enrich the world, if someone else decides to duplicate the concept of Kvadrat – the world will be even richer.”*

Carl Johan Lillieroth, consultant in Gothenburg

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<sup>13</sup> Personal communication, 2015-03-20

<sup>14</sup> Personal communication, 2015-02-12

<sup>15</sup> Personal communication, 2015-03-12

Employees working within sales have a slightly different view on competition. One of their primary tasks is to procure framework agreements and offer new projects to consultants. During the procurement process, Kvadrat compete on the same terms as other actors on the market. Clients who hire consultancy firms based on framework agreements do not usually take corporate culture or consultancy happiness into concern. If Kvadrat ends up signing a procurement, it has competed in terms of competence and hourly rates to the same extent as any other actor. Therefore, in terms of framework agreements, Kvadrat's business model is not seen as a competitive advantage. On the other hand, the business model can be seen as a competitive advantage in terms of recruitment, as it strive to create motivation for the consultants.

#### 7.2.2.6 Summary

In a Teal organization, purpose guides strategy. Individual and organizational purpose go hand in hand, depending on each other to flourish. To adapt from within is the strategy for change, which is also the case for Kvadrat. Initiatives to change comes from anyone holding any role. Most consultants have joined Kvadrat as their individual values corresponds with the corporate values at Kvadrat. Moving on, Kvadrat does neither hold an explicit strategy to help a consultant to find his or hers individual purpose or to fully achieve it. However, as Kvadrat strives to fulfil its purpose; "to create the happiest consultants in the world", embracing some of the individual purposes is also aimed for. Finally, the concept of competitors is generally not applicable in Kvadrat's context.

To sum up, Kvadrat has implemented some of the practices from Evolutionary Purpose.

#### 7.2.3 Teal Breakthrough 2: Wholeness

Teal Organizations supports its employees to reconnect with their inner wholeness, to be authentic. To create a safe and open workplace where people feel invited to show up with all of who they are is a fundamental part of the organization.

##### 7.2.3.1 Meeting practices to keep ego in check

Teal organizations use meeting practices to support participants to act from a place of wholeness, by keeping their ego in check. At Kvadrat, there are no explicit practices used with this purpose.

Fredrik Wessberg (2015<sup>16</sup>), COO at Kvadrat Holding, argues that Kvadrat does not use specific practices during meetings. Stefan Gullberg (2015<sup>17</sup>), CEO for Kvadrat Management, states that Kvadrat's culture prevents people to act in self-interest. People who act in self-interest are not here from the beginning, and the culture does

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<sup>16</sup> Personal communication, 2015-03-09

<sup>17</sup> Personal communication, 2015-03-06

not support that acting (Gullberg, 2015<sup>17</sup>). At the same time, Kvadrat does not hold any explicit practices to prevent self-interest actions. However, Allan Lidforsen (2015<sup>18</sup>), CEO at Kvadrat Malmoe, has identified a way of working that allows him to always act with the interest of Kvadrat at first hand (Lidforsen, 2015<sup>18</sup>).

*“I am consulting Kvadrat Malmoe as a CEO and is therefore not part of the formal administration. This setting is a way to fully embrace the concept of Kvadrat. I feel more free and it is easy for me to feel for the consultants. All CEO’s should adapt this way of working, since I don’t have a self-interest in doing something that would not be favorable for the consultants. That would be unfavorable for myself.”*

Allan Lidforsen, CEO at Kvadrat Malmoe

#### 7.2.3.2 Recruitment by colleagues with focus on organizational and purpose fit

Recruitment at Kvadrat is about understanding if the candidate and the organization is a good match. The recruitment process does therefore allow both parties to get to know each other. One of the steps in the process includes a lunch with current consultants at Kvadrat. This gives an opportunity for both parties to listen in and evaluate the correlation between the organizational and individual values. Stefan Gullberg (2015<sup>19</sup>), CEO Kvadrat Management, states that the candidate’s personality and attitude is valued higher than a strong CV. Over 50% of the respondents emphasize the cultural fit, including personal and organizational values. One of them is Skörvald (2015<sup>20</sup>), who states:

*“We are recruiting people who contribute to keep the Kvadrat-organism living”*

Fredrik Skörvald, former CEO at Kvadrat Malmoe

Conversely, Charlotte Nilsson who works in HR at Kvadrat Stockholm also highlights the importance of having a sellable CV. Her experience is that it is easier to sell a good CV to a client rather than selling a good personality (Nilsson, 2015<sup>21</sup>). Kvadrat’s recruitment targets are generally to ensure a continuous growth, not an objective itself. The general opinion is that recruiting the right people is more important than reaching any recruitment target. Based on this reasoning, there is a match between Teal practices and how Kvadrat operates regarding its recruitment process.

#### 7.2.3.3 Onboarding and training with focus on the three breakthroughs

In a Teal organization, the onboarding and training often focus on the three breakthroughs. New colleagues in a Teal organization are invited to reflect on their personal calling and how it resonates with the organizational purpose.

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<sup>18</sup> Personal communication, 2015-03-20

<sup>19</sup> Personal communication, 2015-03-06

<sup>20</sup> Personal communication, 2015-03-20

<sup>21</sup> Personal communication, 2015-03-09

At Kvadrat, the onboarding process has held various quality. As mentioned in section 4.2.3.4, each new consultant is to be given a mentor. This has not always been the case. Tobias Wirén, consultant at Kvadrat Linköping, is one of them who has experienced a lack in the offered mentorship. Wirén (2015<sup>22</sup>) is confident that the mentoring program is a concept for success that needs to be attended and cared for. The mentor is responsible for the social and cultural onboarding, and to be a soundboard on how to run a business. In order to truly become a part of Kvadrat, one needs to be integrated in the society and culture at Kvadrat. According to Stellan Nordahl (2015<sup>23</sup>), consultant in Malmö, the mentoring program has been successfully implemented. He emphasizes the relationship between the adept and mentor, which has been of great value. Additionally, he believes the mentorship to be crucial when welcoming new recruits, as it is a great way to understand Kvadrat's values.

Consultants are in charge of their individual learning. As already stated, Kvadrat contributes financially to the consultants' training. By initiatives from consultants, internal trainings have also been held by consultants themselves. Carl Johan Lillieroth (2015<sup>24</sup>) stands as an example when he held a workshop about personal values at Kvadrat in Gothenburg. The topic was of Lillieroth's personal interest, and something he believes is valuable to Kvadrat as an organization. This relates well to a Teal behavior. On the other hand, Teal Organizations often offers training on personal development, which is not the case at Kvadrat.

#### 7.2.3.4 No job descriptions or titles

In a self-organizing, most people have a combination of roles. Therefore, job descriptions and titles are often lacking. Generally, Kvadrat has adopted this thinking. Consultants set their own title, which is often the case even for administrative employees. For example, when the office in Gothenburg was founded, new titles were created. Overall, there are no indicators that job titles express power or status at Kvadrat, which relates well to the Teal perspective.

#### 7.2.3.5 Performance management turned into personal inquiry

A characteristic behavior of a Teal organization is to turn performance management into personal inquiry. Performance is viewed from a wide-angle perspective, by looking at a person's current role in the bigger perspective of her life, learning journey and potential. At Kvadrat there are no explicit practices set by the organization. In reality, some of the CEOs initiate and support this kind of coaching sessions more than others. Fredrik Skörvald, the former CEO at Kvadrat Malmö, is one of them. He has focused on helping consultants to understand and develop their personal drive

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<sup>22</sup> Personal communication, 2015-02-25

<sup>23</sup> Personal communication, 2015-02-12

<sup>24</sup> Personal communication, 2015-03-12

(Skörvald, 2015<sup>25</sup>). Skörvald states that it is up to the individual consultant to seek support and initiate such a discussion.

#### 7.2.3.6 Creating a safe and open workplace for people to be authentic

A safe space that support people to be authentic which will venture into individual and collective wholeness is one of the cornerstones in the Wholeness breakthrough.

Kvadrat does not have enough explicit processes to create a safe place for people to be authentic. Although, they have done some effort in this direction. There is an annual conference, which often focus on corporate values and culture. To fully embrace the concept of being authentic, trust is an important factor. At Kvadrat, trust is experienced by the openness between colleagues, joint activities and by sharing experiences from both success and failures. Many of the respondents express that it is easier to be themselves at Kvadrat, in comparison to other firms where they have previously worked.

#### 7.2.3.7 Summary

In summary, processes at Kvadrat that are related to wholeness is the way to recruit colleagues with focus on the organizational fit, the freedom of being in charge of one's own individual learning and the absence of job descriptions or titles. On the other hand, Kvadrat lacks remaining processes like meeting practices to keep ego in check, performance management that includes one's personal inquiry as well as processes to create a workplace that supports people to be authentic.

As a result, Kvadrat has implemented some of the practices from wholeness.

### 7.2.4 Teal breakthrough 3: Self-organization

Teal Organizations seize the opportunity of complexity, and creates accurate conditions for self-management to be successful. Fundamentally, the form of the organization follows the need, where for example new roles and teams are created organically as opportunities evolves. A set of peer-based practices is used, to give teams the freedom to make decisions while taking other people into account.

#### 7.2.4.1 Self-organizing teams

The core of self-management lies in self-organizing teams. The teams are formed based on the need, and have decision-making power in order to reach their targets.

The practice of Self-organizing teams is tricky to apply on Kvadrat, since many of the consultants are based at client's offices. However, there is one example illustrating how Kvadrat has applied this practice. The event Coordinator at Kvadrat Holding, Eva Ljungström, forms short-term teams to help her organizing events. The teams are fully formed based on the need (Ljungström, 2015<sup>26</sup>). Moving on, the local offices have the decision-making power needed for them to reach their targets. There is no need for a

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<sup>25</sup> Personal communication, 2015-03-20

<sup>26</sup> Personal communication, 2015-03-09

local office to seek approval from the board or any other instance concerning minor decisions.

#### 7.2.4.2 New roles created organically as opportunities or needs emerge

In a Teal organization, a person's job emerges from a multitude of roles picked up based on one's individual interest, talent and the organizational need. Within the administration at Kvadrat, the need determines the type of roles. Roles are defined and re-defined based on the underlying need, often done by the person holding the role. Careers do not follow a fixed path, as consultants are already the CEO of their private limited company. The career ladder is absent for the consultants as well as for the employed staff. There are several examples indicating this absence, for example Robert Dybeck who started out as an employee within the administration (Dybeck, 2015<sup>27</sup>). A couple of years later, Kvadrat Stockholm could not afford to keep him as an employee, so he started to consult for Kvadrat with employer branding. The need for Kvadrat to brand themselves in order to attract and target new potential recruits has risen recently. His role is now a result of the organizational need and has adopted a form of employment that suits both him and the company. Another example where roles are adjusted is explained by Thomas Kjelldorff. He has shifted roles several times after his co-founding of Kvadrat (Kjelldorff, 2015<sup>28</sup>). After the founding, he worked as a consultant. As Kvadrat grew, it became clear that one of Kvadrat's main attraction points and core was the corporate culture. An organizational need for an employee who works solely to maintain and develop the culture was identified. Kjelldorff took on this role and is now employed by Kvadrat Holding with the aim to serve all local offices.

#### 7.2.4.3 Decentralized decision-making based on advice process

As earlier stated, everyone in a Teal Organization has the power to make decisions. In order for this to work, advice must be taken from affected people and people with expertise on the issue. Teal organizations have therefore developed an advice process to be used when making decisions. The advice process involves everyone in an organization, including the board and the CEO. In the case of Kvadrat, there is no explicit advice process. As mentioned in Chapter 7.2.2.1, the board set the strategy with input from the rest of the company. The process of how to do this is undefined, and input is not always searched for. On the other hand, Anna Söderlund (2015<sup>29</sup>), VP at Kvadrat Gothenburg, and Stefan Gullberg (2015<sup>30</sup>), CEO of Kvadrat Management, both states that larger decisions are often made by seeking advice from with consultants or other CEOs.

On a general level, no one holds power over anybody else. This is especially true for the consultants, who determine what offer to accept from which client. The CEO's do

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<sup>27</sup> Personal communication, 2015-03-09

<sup>28</sup> Personal communication, 2015-03-30

<sup>29</sup> Personal communication, 2015-03-11

<sup>30</sup> Personal communication, 2015-03-06

not have the power to decide which offer a consultant should accept. They will only recommend and give their advice to such a choice.

The advice process also includes how salaries are set. There are various ways that Teal Organizations have carried this out, and it all comes down to a peer-based advice process. For the consultants at Kvadrat, this is a simple process as consultants have already decided what offer to accept and handle the economy in their own company individually. The employees have sometimes had a limited ability to influence their salary. Bonuses have previously been used for the administrative employees, and are used today by CEOs. Thus, the bonus system for the CEO's as well as the limitation to influence one's salary conflicts the Teal perspective in this matter.

#### 7.2.4.4 Total information transparency

For self-organizing teams to be successful in a Teal Organization, they need access to all kinds of information. Teal Organizations support this further since the information transparency creates trust and discourages hierarchies of information access. Kvadrat does not share this view, as it does not share sensitive information. Fredrik Wessberg, COO at Kvadrat Holding, explains that there is no need to share sensitive information or information about an individual with colleagues (Wessberg, 2015<sup>31</sup>). He adds that there is a balance between personal integrity and what is good for the company. The administration chooses what information to share and what not to. Even though no one explicitly requests more information access at Kvadrat, the purpose of transparent information to create trust and discourage informal information hierarchies is not put in place.

#### 7.2.4.5 Few merely administrative staff

As Teal Organizations use self-management to let teams handle many of the central staff functions, there are only few merely administrative staff functions remaining. Kvadrat constantly tries to keep its administrative staff functions to a minimum. In fact, Kvadrat Holding aims for the KPI to keep administrative cost and salaries below 2 % of their turnover (Dybeck, 2015<sup>32</sup>). Further on, the employees are mostly for administrative functions, with the purpose to support the consultants.

#### 7.2.4.6 Summary

In a Teal organization who embraces Self-organization, the organizational structure follows the needs, new roles emerge organically and peer-based decision making is used. At Kvadrat, the authorities have no decision making power over teams. The role of the CEO often refers to as to create guidance and support, to create the right preconditions for the consultants' well-being. Further on, no explicit advice process to make decisions are used, and there is not a full information transparency. Finally, there are several examples of how roles have emerged organically, formed based on the organizational need.

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<sup>31</sup> Personal communication, 2015-03-09

<sup>32</sup> Personal communication, 2015-03-09

In summary, Kvadrat has embraced Self-organization, but still lacks a few central processes.

### 7.3 Empirical evaluation of the RIO framework

Based on the empirical results when applying RIO on Kvadrat, an evaluation of the applicability follows. Weaknesses and strengths are identified, followed by a discussion if the empirical results fulfilled its purpose.

#### 7.3.1 Weaknesses with the applicability of the RIO framework

As stated in the Methodology, Chapter 3.3.1, the analysis matrix created in this thesis is based on Laloux's (2014) list of 33 characteristics for the stages *Achievement-Orange* and *Evolutionary-Teal* (Appendix F). In order for RIO to be applied on a Kvadrat, the authors had to expand this list to also include characteristics for the other stages as well. The result was the analysis matrix. As also stated in Chapter 3.3.1, the analysis matrix could not be fully completed since not all characteristics in each area for each stage could be found. The analysis matrix therefore lacks characteristics for some areas for some stages. When the authors created the analysis matrix, they also added a 34<sup>th</sup> area of leadership. They believed the leadership styles at the different stages was not emphasized enough (see Chapter 3.3.1).

In combination with missing characteristics at some stages, difficulties occurred to know if the absence of a practice itself was an indication towards a stage, or if the absence simply meant that the characteristic process was not applicable.

Furthermore, the authors found it difficult to define a specific match between Kvadrat's practices to the practices in the stages in RIO. They found that due to complexity, it is complicated to put a company's process into labeled boxes. Often, Kvadrat's processes was a combination of several stages. This was the case for the five processes of Organizational structure, Compensation, Office spaces, Information flow, and Crisis management. Furthermore, one characteristic process, Performance management, was not applicable at Kvadrat (as described above in Chapter 7.1).

To summarize, to make RIO easier applicable on organizations, the authors suggests the following modifications:

- Complete the table of characteristic practices for each stage
- Add a 34<sup>th</sup> characteristic of leadership, and describe its style explicitly at each stage

#### 7.3.2 Strengths of the RIO framework

The way RIO is described throughout the book *Reinventing Organizations* (Laloux, 2014), which enables a deeper understanding of the concept. Based on the twelve companies Laloux used to describe Teal organizations, there are several comprehensive descriptions of how Teal organizations have adapted Teal practices. Those descriptions highlights the three breakthrough ideas at the Teal stage well. In



addition, *Reinventing Organizations* (2014) is written to target the business world as it provides inspiration of how to run a Teal organization. This also contributes to the understanding, as well as makes the framework presentable in the business world. The timeline of the framework is proven by the consideration of today's complex organizations, since Teal is meant to describe those. The overall description of each stage, with a guiding metaphor, primary characteristics and breakthrough ideas provided a clear structure. This structure as well as the comprehensive descriptions contributed to the applicability of the framework. To summarize, it was possible to apply the RIO framework at Kvadrat, and will be further confirmed in the following paragraph.

#### **7.4 Can RIO contribute to Kvadrat's self-awareness?**

Part of the two-folded purpose with this thesis was to contribute to Kvadrat's self-awareness (P2). The results from the discussion held at the company-wide conference in Tranås, 20th of April in 2015 (see Chapter 2.3.4 and Appendix E), will here be analyzed, in order to see if the purpose was achieved. As a reminder, the three questions discussed were:

1. Do you agree on Kvadrat's position in the RIO framework?
2. What does the result mean to you?
3. What other questions do you feel are emerging now?

The answers regarding the first question indicates that Kvadrat strongly agree on their stage in the RIO framework. Many of the respondents argued that Kvadrat's position was spot on, and none of the respondents questioned the position in the RIO framework. Answers from the second and third question indicates that the presentation of RIO brought inspiration to Kvadrat. Many of the answers highlights the drive to further embrace Teal practices. To increase the focus on the individual purpose, and let it resonates with the organizational purpose, was explicitly mentioned several times. To continue the work on the coaching leadership and discuss decision-making processes was also acknowledged.

Moreover, several respondents stated that the presentation of Kvadrat's stage in RIO was an eye-opener that provided Kvadrat with a new perspective to see itself. Therefore, the authors believes the second purpose (P2), of this thesis to be fulfilled. This also implies that, from Kvadrat's perspective, knowing its organizational stage in RIO contributes to its self-awareness. From a general perspective, the authors does therefore believe that the RIO framework can contribute to an organizations self-awareness.

## 8. CONCLUSIONS

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*This chapter presents the conclusions of this thesis by responding to the three research questions. As a reminder to the reader, a short description of this thesis' core is firstly presented, followed by how the purpose was achieved.*

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This thesis is based upon Frederic Laloux's book *Reinventing Organizations* (2014). Laloux presents a framework with five stages, which describes organizational forms in relation to consciousness development. These stages are named *Impulsive-Red*, *Conformist-Amber*, *Achievement-Orange*, *Pluralistic-Green* and *Evolutionary-Teal*. His framework has in this thesis been called the RIO framework. Each stage in RIO introduces new breakthrough ideas with a set of processes of how to run an organization.

The purpose of this thesis was two-folded. The first part (P1), was to examine the applicability of the RIO framework. This has been done by creating an analysis matrix, which formed the foundation of the interview guide. 19 interviews were held with consultants and employees at Kvadrat. Laloux has not studied employee-owned organization. By applying RIO on Kvadrat, it indicates that RIO can be applied on organizations with various ownership structures. This increases the usefulness and hence the applicability of RIO. The second part of the purpose (P2), was to contribute to Kvadrat's self-awareness. During a company-wide conference in Tranås, at the 20th of April 2015, Kvadrat's determined stage in the RIO framework was presented. Including in the presentation, a discussion was held regarding Kvadrat's stage in RIO. As a result of the discussion, it became clear that RIO introduced a new perspective for Kvadrat on how it sees itself. RIO therefore contributed to Kvadrat's self-awareness.

### 8.1 RQ1 - How useful is RIO as a tool to determine Kvadrat's stage of consciousness?

In this thesis, the RIO framework was successfully applied on the company Kvadrat. The usefulness of RIO is further built up by the overview of practices in 33 different areas for the stages Orange and Teal, the comprehensive descriptions of how today's Teal organizations have adopted the Teal practices, and the structure of the description at each stage. The description included a guiding metaphor, the primary characteristics and breakthrough ideas for respective stage.

In contradiction, some challenges were identified when applying the RIO framework, which decreases the framework's usefulness. Firstly, as mentioned above, the list of characteristics in different areas only included the stages Orange and Teal. In order for RIO to be used in this thesis, the authors had to expand this list to also include characteristics for the other stages as well. In addition, the authors also added a 34<sup>th</sup> characteristic, leadership, to complete the analysis matrix.

As stated, Kvadrat's stage of consciousness, was presented and discussed at a company-wide conference. The result from the discussion shows that employees and consultants agreed on the determined stage. The successfulness of the application contributes to the statement that RIO is a useful tool to determine Kvadrat's stage of consciousness. Additionally, the framework of RIO is presentable to the business world, as it provides empirical cases of how Teal organizations operates today. Finally, no major barriers when applying RIO was identified. The result of this thesis shows that RIO is possible to apply on an empirical case.

## **8.2 RQ1a - Is there a bridge between the Teal stage in RIO and its theoretical foundation?**

To make an academic contribution, this thesis has investigated the theoretical foundation of the RIO framework, searching for a theoretical bridge to the Teal stage. RIO's theoretical foundation is formed by theories in ego development, knowledge development, human needs and behavior as well as consciousness development. All of these theories are well known within the academic field respectively. Even if the underlying theories refers to stages of individual development, researchers argue that they can be used to describe stages of organizational development. At the same time, many of the underlying theories have been questioned regarding superiority. The RIO framework rests upon the idea that no stage is superior to another.

Due to the amount of underlying theories, the RIO framework and the stage of Teal do not include any of the most criticized attributes. Selected parts from a combination of underlying theories constitutes the theoretical ground for the RIO framework. In difference from some of the underlying theories, RIO emphasizes that an organization does not necessarily need to fully correspond to a certain stage. It is the majority of the processes and attributes that will be taken into consideration when determining an organization's stage of consciousness.

The stage *Evolutionary-Teal* refers to a new paradigm shift in organizational development. To provide a comprehensive description of this stage, Laloux (2014) have been inspired by various levels from a range of well-known theories. The breakthroughs ideas of *Evolutionary-Teal* and transcendence between stages have adopted relevant features from psychological development. The names and colors used in the RIO framework has been adopted from Spiral Dynamics. Finally, of the six underlying theories presented in this thesis, five of them are connected to the breakthrough ideas of Teal. As a conclusion, Teal stands upon an impressive body of previous research and there is a bridge between Teal and its theoretical foundation.

## **8.3 RQ2 - What stage of consciousness in RIO does Kvadrat corresponds to?**

Kvadrat's stage of consciousness in the RIO framework is Green, with a touch of Teal. This result is based upon two major findings. Firstly, a total of 34 organizational practices was studied at Kvadrat, to be mapped to the characteristic practices at each

stage in RIO. The result shows that 14 of Kvadrat's practices correspond to the Teal stage, 16 to the Green stage, 3 to the Orange stage, and finally 1 practice was not applicable. Secondly, this thesis studied how Kvadrat's way of running its organization relates to the Teal breakthroughs. The first breakthrough idea of Teal is Evolutionary Purpose, where purpose-driven organizations focus both on the individual and organization purpose, and how those can reinforce each other. Kvadrat corresponds quite well to the processes within Evolutionary Purpose. Kvadrat has, for example, embraced the idea that purpose gives profit. The second breakthrough idea is Wholeness, to embrace colleagues to bring all of who we are to work and be authentic. Kvadrat has implemented some of the practices within Wholeness. The third and last breakthrough idea of a Teal organization is Self-organization, where self-organized teams with decision-making power are created based on trust and freedom. This is the breakthrough that Kvadrat has embraced the most out of the three, but Kvadrat still lacks a few central processes within Self-organization. Therefore, Kvadrat has not embraced the breakthrough ideas of Teal enough, and cannot be said to be operating from the Teal stage.

## 9. DISCUSSION & FURTHER RESEARCH

*In this chapter, the authors discuss their findings, as well as other thoughts that have emerged during the writing of this thesis. The discussion is structured by suggestions for further research, which are based on what this thesis has covered and its results.*

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### 9.1 Further research 1: Research the general applicability of the RIO framework

This thesis has successfully applied the RIO framework on a single case. By doing so, this thesis has made a contribution to the applicability of the framework. A suggestion for further research is to apply the framework on several cases, to research the general applicability of RIO. Based on what we as authors know today, there seems to be no higher limit regarding the size of a Teal organization. One of the organizations Laloux studied was AES, one of the world's largest electricity producer and distributor with 40 000 employees. Other companies classified as Teal organizations operate within a range of market branches, from health care, manufacturing and processing, apparel, to media and IT consulting. The results from this thesis shows that RIO can also be applied on employee-owned organizations. When carrying out a research regarding RIO's general applicability, the analysis matrix presented in this thesis can be used and further developed.

### 9.2 Further research 2: Identifying challenges of becoming a Teal organization

In this thesis, it was determined that Kvadrat corresponds mostly to the Green stage with a touch of Teal as it has embraced some of the Teal practices. The next step for Kvadrat is therefore to evaluate whether to remain at its current stage or aim higher towards the stage of Teal. As other organizations in today's society are embracing the Teal practices and aims to act from that stage, it is interesting to research challenges of becoming a Teal organization. Laloux share his thoughts of how to transform an existing organization into Teal, as well as how to start up a Teal organization. To empirically study Laloux's (2014) work on how to create a Teal organization would fulfill two purposes. Firstly, the results would hold valuable information to organizations aiming for Teal. Secondly, the research would further contribute to the usability of the RIO framework.

### 9.3 Further research 3: Further define a Teal organization

Laloux studied twelve pioneer Teal organizations in his research. After his book was published, more Teal organizations have started to arise. It is therefore interesting to widen Laloux's research of how an organization operates from the Teal perspective. How organizations have adopted the Teal practices or any additional practices they have embraced is of interest. A research including new Teal organizations would

expand Laloux's work and further define how an organization operates from the Teal perspective.

#### **9.4 Further research 4: Theoretical validation of RIO**

In this thesis, the purpose of the theoretical research was to investigate if RIO, and the stage of Teal in particular, stands upon a theoretical ground, strong enough to be used in an academic context. The theoretical research presented in this thesis can be seen as an initiation, to be researched further. Especially regarding earlier stages in RIO as this thesis consistently have verified the theoretical validation of Teal.

#### **9.5 Further research 5: Are Teal organizations more successful?**

A question that emerged while working with the RIO framework, is whether Teal organizations are more successful than others? First of all, success is defined differently at different stage. Profitability or market share would be success factors from a traditional perspective. From a Teal perspective, success is more related to how the organization's accomplishments manifest its purpose. However, Laloux states that:

*"Teal Organizations can achieve results that are at least on par with the best traditionally run organizations. [...] by embracing Teal structure and practices, leaders can shoot for outcomes that would otherwise be hard to achieve."*

As authors, we believe that people will continue to search for more powerful, more soulful and more meaningful ways to work together. Teal organizations will continue to emerge, and by trying to find a meaningful way to work, profit and growth will come naturally. A final suggestion for further research is to study in what ways Teal organizations are more successful.

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## **APPENDICES**

**Appendix A - THEORETICAL FOUNDATION, ALL STAGES**

**Appendix B - INTERVIEW GUIDE PART 1**

**Appendix C - INTERVIEW GUIDE PART 2**

**Appendix D - LIST OF INTERVIEWEES**

**Appendix E - RESULT OF DISCUSSION IN TRANÅS**

**Appendix F - ANALYSIS MATRIX**

## APPENDIX A – THEORETICAL FOUNDATION, ALL STAGES

### Loevinger's nine stages of ego development

#### Stage 1: Presocial

At infancy, a child cannot differentiate from the world and its primary focus is to satisfy immediate needs. At this stage, Loevinger argues that the infant does not have an ego since the mind is autistic. Their thinking is a delusional projection (Young-Eisendrath, 1982) and the infant does have trouble with differentiate itself from the surrounding world and cannot grasp the world of objects.

#### Stage 2: Impulsive

At the second stage, the child have grown a sense of the self and have the ability to perceive the surrounding world in ego-centric terms (Loevinger, 1987). The child focuses on physical impulses and lives for the moment, where the sense of the self is viewed in terms of how persons or things affect the child. The child is controlled by its impulses, for example, if a need is not fully met, the impulse might be to run away from the problem instead of dealing with it (Loevinger & Wessler, 1970). Furthermore, discipline is seen as restraints rather than something good, rewards and punishment is experienced in terms of nice or mean actions made by someone else. The child's perception at the Impulsive stage can only refer to the present and does not take the future or the past into account (Loevinger, 1987).

#### Stage 3: Self-Protective

This stage is the first step towards what Loevinger names self-control of one's impulses (Loevinger, 1987). This stage also corresponds to how Laloux describes an organization operating from *Impulsive-Red*. Loevinger means that the child can notion blame but usually externalizes it to environmental circumstances or people. In this stage, a degree of conceptual cohesion is reached and the morality is simply becoming a matter of anticipating punishments or rewards with the motto "don't get caught" (Loevinger, 1987). If an older child or adult remains in the self-protective stage, he or she might develop a strong a need for a sense of control (Loevinger, 1987).

#### Stage 6: Conscientious

At this stage, the internalization of rules is developed and completed, even if exceptions could be found. Goals and ideas are established with a sense of responsibility where guilt and blame are triggered by hurting another person. The self is now seen as separated from the group, and one tend to look at situations from a broader social context. It is possible to understand a problem from another's point of view, since people at this stage are realistic (Loevinger, 1987). Other people are seen in terms of their motives rather than their actions. When progressing into the Conscientious stage, people sees life as a puzzle of choices. The main factor for motivation at this stage is the desire to succeed at all times (Loevinger, 1987).

### Stage 7: Individualistic

The Individualistic stage demonstrates the person's respect for interpersonal and individual attachments (Blasi, 1976). In order to proceed beyond the previous Conscientious stage, a person must develop a higher tolerance for the self and for other people in order to understand the complexity of circumstances and individual differences (Loevinger, 1987). The ego during this stage is tolerant and influenced by respect for the autonomy of others and the self. Along with the distance to roles and identities, Loevinger argues that morals are replaced with an awareness of an inner conflict with a deeper concern for emotional dependence (Loevinger, 1987). This concern relates with the greater complexity in interactions with other people (Loevinger, 1987). The Individualistic stage is connected to organizations operating from the stage of *Pluralistic-Green* according to Laloux (2014).

### Stage 8: Autonomous

For a person acting in the autonomous stage, it is important to express respect for other people's need for independency (Loevinger & Wessler, 1970). A high level of tolerance for ambiguity is embraced since an autonomous person has the capacity to integrate complex ideas with multiple outcomes (Loevinger, 1987). Such person could also recognize the limitations of autonomy and understand that emotional interdependence is unavoidable (Loevinger, 1987). An autonomous person is open to confrontation as self-fulfillment is a frequent goal where one copes with inner conflicts instead of focusing on achievements (Young-Eisendrath, 1982). An example of an inner conflict could be the prioritizing between needs and duties (Loevinger, 1987).

### Stage 9: Integrated

The ninth and final stage in Loevinger's ego-development is the Integrated stage. At this stage, learning is understood as unavoidable and nothing in the world is unattainable (Young-Eisendrath, 1982). The ego is filled with empathy for others and the self as well as the capacity to identify inner conflicts and make peace with such issues (Witherell & Erickson, 2001). The conciliation with inner conflicts is the key element of the self-actualizing nature, along with a fully developed identity with a conciliation of the destiny (Loevinger & Wessler, 2001). The integrated ego has a full sense of identity and the person understands what it truly is. In the integrated stage, one searches to actualize the one's potentials to use all aspects of the self that one has become aware of when proceeding through the previous eight stages. Loevinger (1976) states that this stage is normally reached by less than 1 % of the population in the United States.

## Cook-Greuter's ten stages of ego development

### Stage 1: The Symbiotic stage

The first stage is, in accordance with Loevinger, the infant stage of life where a person experiences the self as a fusion with the surrounding world. The infant is autistic at

birth but develops towards a dependent relationship to the parents. According to Cook-Greuter, this stage is not a part of the ego development since individuals are not differentiated from each other.

### Stage 2: The Impulsive stage

In the impulsive stage, a person shows the first signs of a beginning ego. Early language concepts and initial signs of ego awareness start to develop as the person starts to articulate words as “me”, “I want” or “my”. The impulsive person wish to meet basic and safety needs and express this with grabbing, clinging or other physical actions. The relationship to others is limited to what they can provide in order to meet those basic needs. The impulsive child is bodily-oriented and emotions are easily confused. For example, one second they could be overwhelmed and the other second, they are anxious.

### Stage 3: The Opportunist (or Self Protective) stage

The sense of the ego for an Opportunist is strongly rooted in the physical self and the objective is to protect the self in a world that is perceived as threatening, just as organizations from the stage of *Impulsive-Red*. The impulses are reactive rather than planned and focus on needs for short-term advantage. Opportunists are mostly interested in the power to serve their own objectives and have a “me against the world” or “I win/you lose” attitude. This attitude could be perceived as aggressive since the Opportunists often try to protect themselves and adapt a self-protective position in discussions. This is, since the reaction to threats could be described as “it’s not my fault” and such person dislike to feel guilt or take responsibility for their actions.

### Stage 4: The Diplomat (or Conformist) stage

This is the first adult stage where a person seeks to listen and follow the culture by pleasing and seeking acceptance to groups, churches or organizations. The identity and the ego is the identity of those they identify themselves with. A Diplomat adapts an “us against them” attitude and experiences an increased sense of power through the group alliance. A Diplomat is suitable for an organization as they often act very loyal and work solely to gain the group. The organizational version of this stage is organizations from *Conformist-Amber*. This, as diplomats does not enjoy standing out or taking initiatives and tend to abdicate the responsibility for decision-making to other persons within the group.

### Stage 5: The Expert stage

In this stage, a person could see themselves as separate persons in relation to the rest of the group. From an organizational perspective, this stage will be the ground for organizations from *Achievement-Orange*. This is the first stage where a person can look at the self to evaluate one’s behavior. The Experts starts to find the need to be recognized for their specialty rather than being identical with everyone else in the group. They look for the right way to accomplish something but are unable to rank ideas, as they all seem to be equally good. As this is the first stage of independency,

the Experts are sensitive to judgements as well as their own approach is to judge others to find out if they measure up to the standard of the Expert.

#### Stage 6: The Achieving stage

The Achiever is self-determined and independent, at this stage; it is possible to define a story in one's own terms instead of repeating others. This stage is defined by mature adulthood, as the person is success oriented, have a win-lose mentality and have the ability to operate within cultural structures. The Achiever has a clear understanding of whom they are and therefore, it is possible to describe themselves in contrast to others by utilizing self-reflections skills. They understand that everyone is different and that it could be used as an advantage in order to solve different tasks.

#### Stage 7: The Individualistic stage

The Individualist starts to believe that there could be different variations of the truth and accepts the truth could be something other than what is defined by the culture or family. Instead of just accepting ideas, the Individualist is able to accept and appreciate different interpretations of the truth, as there are many ways of looking and understand something. There are always a variety of possible interpretations to choose from and the right one might not be the one coming from the self. It is no longer important to understand "what do I know", rather to understand "how do I make sense of what I know". Laloux (2014) has adopted this mindset to explain organizations from a *Pluralistic-Green* perspective. The Individualist understands that the truth is a matter of perspective and that the truth may vary depending on age. Other sources and information about the truth, such as dreams and feedback from the body, becomes more and more relevant to what might be important. Individualists experience greater freedom as the constraints has been lifted. The Individualist adapts the role of an observer and starts to question the reality and incorporate more than one point of views. For example, when standing at the beach, looking out towards the horizon one might ask "is what I am observing a wave or a particle?"

#### Stage 8: The Strategist (or Autonomous) stage

The Strategist is able to see a multifaceted universe from a perspective where the self is a separate human being and focuses on becoming the most one can be. This stage is the last post-conventional stage where a person understands the self as a "separate me". People I operating in this stage understands that people are functioning from different levels and therefore should be approached with different languages and expectations. Thus, the Strategist does not view all these approaches as equal as self-esteem is the perfect way of understanding others if you are a Strategist. But, the Strategist try to truly appreciate others and find a connection with other people as a necessary part of reaching one's highest potential.

The past and future is understood in a broad perspective where it all fits together in terms of history, culture and society. Strategists take all into account when they try to orient their life, for example trends, systems and patterns that provides them with an

expanded awareness. A Strategist is comfortable with changing context and understands that no story is real. They feel in charge of their psychological state as they choose to tell their own story and take responsibility to direct their own lives, as each person is responsible for their own growth. Self-reflection is highly valued along with ego-development as it is considered to lead to a more authentic and complex identity.

#### Stage 9: The Magician (Construct Aware) stage

Magicians see concepts as “me” or “not me” as limitations and find the idea of an ego to have been “made up” by human beings, as an attempt to explain the reality. The way of experiencing the self is new in this stage, as the self is considered to live in symbiosis with the rest of the universe as one is connected to everything else. Another notable thing is that the Magicians are the first to understand the power and the limits with language. In the previous stages, people have only been aware of the fact that language allows for communication with one another. The Magicians see language as a tool to determine, define and shape the self. Language biases, mental map-making and social conditioning is attempts to understand existence of the human self as well as the reality. The social existence is powered by language and storytelling which influences what one can see and how one understands oneself. Magicians’ starts to see beyond previously developed concepts and understand that concepts are true in one concept but it might not be in another and as a consequence, a concept cannot include a full understanding of the reality. For example, the concept of “good” should be defined with its opposite; “bad”. This is, so that good requires bad as well as the other way around as they both are necessary and always present. As people separate opposites from each other, they try to make sense of the world. According to Magicians, this is not the truth. For example, one cannot have a coin without two sides, as both sides constitute the actual coin.

#### Stage 10: The Unitive (Ego Aware) stage

This is the final stage where we, according to Cook-Greuter, have reached the limit of ones capacity to clarify and define further stages. Cook-Greuter argues that the description of the Unitive stage is not fully developed since there are very few people who reach this level. This makes the description limited in explaining the terms of self-identity, meaning and values at this level. A Unitive person is no longer shaped and controlled by language, they rather see themselves as an “ongoing humanity” with a highly evolutionary and creative purpose. Language is considered, from a unitive point of view, to shape and limit the understanding of being. The perspective is universal as Unitive people see themselves as a part of nature that allows them to experience multiple perspectives at different states of awareness. In difference from the previous stages, it is possible to combine a sense of deep connection with others along with a sense of uniqueness. They have the ability to experience and understand individuals at all stages and to humbly recognize the common essences and could therefore be welcoming and accept others as they truly are without any judgments or need for control. As a consequence, Unitive people tend to have focused, rich and energized



relationships with individuals of all varieties of people as their interactions with other people make them find peace and wellbeing.

### **Kegan's Subject-Object theory**

#### **Stage 0: Incorporative**

The first stage indicates that there is no barrier between reality and imagination. Kegan describes newborn infants to “live in an objectless world in which everything sensed is an extension of the infant” (Kegan, 1982, p 78). In other words, when the infant cannot feel or see something, it solely does not exist.

#### **Stage 1: Impulsive**

The child starts to realize, at an age of approximately 18 months, that they can control its reflexes. The mind and thinking is still illogical but they become aware of the environment as independent from themselves. The feelings are impulsive and they find themselves in the center of a social context. (Kegan, 1994)

#### **Stage 2: Imperial**

This stage is referred to as the “Instrumental Mind” or the stage of “Traditionalism”. Individuals operating in the second stage have the ability to classify objects, people or ideas with specific characteristics (Kegan, 1994). Hence, the subject is different from the object. As a consequence, the mind becomes more organized and logical. In this stage a human being can differentiate the self from other people and identify them as unique beings. Just as organizations operating from *Impulsive-Red* can understand the difference between the self and the leader (Laloux, 2014). At this stage, rules and directions gives shape to a person's daily activities along with developing a sense of who they are and what they want (Kegan, 1982).

#### **Stage 3: Interpersonal**

At this stage of consciousness “other people are experienced as sources of orientation and authority” (Kegan, 1994). Kegan names this stage “Modernism” or “Socialized Mind” where cross-categorical thinking is dominant and shows the ability to think more abstract since the subject is outside of the object. Individuals can identify their society to be just a society among others and can see a system as an object. How others perceive the individual is crucial in this stage since acceptance and relationships is important. From an organizational perspective, this stage relates to what Laloux names *Conformist-Amber*.

#### **Stage 4: Institutional**

This is the “Self-authoring Mind” or the “Post-Modernism” where individuals have the capacity to take ownership and responsibility for their internal authority (Kegan, 1994). The focus in this stage is called self-authorship and a person is capable of establish a unique set of values and ideologies where relationships become a part of the integrated world rather than a reason for existence (Kegan, 1994).

### Stage 5: Interindividual

This is the final stage is the “Self-Transforming Mind” where individuals have the ability to see beyond themselves, others and all systems of which they are a part of to understand how all systems and people interconnect (Kegan, 1994). A system is its own system but all systems are aligned with each other instead of separated. One is a complete autonomous self and other persons are a complete autonomous self. It is only in the relationship between subjects that true fullness of the subjects comes into being. According to Kegan (1982) not everyone evolves into the fifth stage of consciousness during a lifetime.

It is important to note that a higher stage of consciousness is not equivalent to a better or happier life. Kegan argues that the higher stages create a more authentic self with higher truth-value and integration with the surrounding world. It contains less subjectivity along with greater objectivity, which does not correspond to the intelligence or happiness of a person (Kegan, 1994).

## Grave’s stages of human development - Spiral Dynamics

### Stage 1: Beige – Reactive

The person is dependent on support from others to survive. This is seen in infants or very young children or people suffering from Alzheimer’s or heavy drug addiction.

### Stage 2: Purple – Tribal

The individual follow a strong leader or perhaps a symbol and are guided by the need to search for safety and security. The purple level could be, for example, football supporters or religions.

### Stage 3: Red – Egocentric

This is a highly individualistic level which can often be seen in the behavior of a teenager or in street gangs. The core values include power, the urge to be respected and avoiding shame as well as the need to escape from control. A characteristic for persons at this level is the lack of consequence awareness. This is one of the theoretical grounds for Laloux’s (2014) description of organizations operating from *Impulsive-Red*.

### Stage 4: Blue – Absolutist

An absolutist search to separate the right from wrong, the good from the bad and have the need to find order in societies. There is a desire to control one’s impulsivity and “bad or wrong” needs. Juridical systems often develop at this level as the core values include morality, security and justice. This relates well with organizations in the *Conformist-Amber* paradigm.

### Stage 5: Orange – Materialist

As the red level, this is an individualistic level as the person strives to succeed and respond well to trappings of promotions. He or she enjoys to be popular and to win over others. The main motivation strategy comes from the wish to move forward and

the core values could be described as achievement, creativity and success. Modern, industrial nations could be examples of materialist just as Laloux describes modern organizations referred to as “Orange” organizations.

#### **Stage 6: Green – Personalistic**

On the green level, one tend to seek peace with the inner self in order to connect with the inner self of others. The main focus is to gain consensus and agreement where one wish to eliminate, for example, poverty and racism. The core values circuits around equality and fairness with the desire to free the humans from exploitation. This green level of human development is the theoretical foundation for “Green” organizations (Laloux, 2014).

#### **Stage 7: Yellow – Systemic**

This is, again, an individual level where one tends to understand that the world is in danger of collapse due to misuse of resources. Knowledge is a major driver but the person does not feel the need to articulate or demonstrate the ego or knowledge since life is seen as paradoxical and diverse. Such person has the ability to adapt a holistic view and is not afraid to express opinions in contrary to others. Thus, sometimes this person gets frustrated if others are not able to understand their point.

#### **Stage 8: Turquoise – Holistic**

In the eight stage, one try to seek spirituality and unity in systems to adopt a more long-term strategy. This is, as the person sees the world in danger of destruction as a result of short-term strategies. It is a focus on eliminating poverty, hunger and war and this could be done by sacrificing the self and others as it might be required for the overall survival of humanity. Organizations in *Evolutionary-Teal* is inspired by this stage in Grave’s theory (Laloux, 2014).

### **Piaget’s four stages of knowledge development**

#### **Stage 1: Sensori-motor**

The first stage covers children aged 0-2 years where thinking in this stage depends on impressions and motorial skills. Children learn by using their five senses, object permanence, and goal-directed actions. The child's experience depends completely on the information that the senses can process during the present moment. Young children experience egocentrism because they fail to understand how someone else's point of view might be different from their own. It is also possible that they fail to coordinate their point of view with another person's (Campbell, 2006). Eventually, the child learns that things can exist even if they are not visible or physically present at the moment. The child then starts to use its experience and imagination to create a mental reconstruction of objects in the surrounding environment. In other words, they perceive object permanence (Blake & Pope, 2008).

### Stage 2: Pre-operational

The preoperational stage occurs when the child is about 2-7 years old and at this stage, the ability to think symbolic is clearly expressed in both language and imagination. During this period, children are able to do one-step logic problems, develop language and complete simple operations (Blake & Pope, 2008). At the beginning of this stage, the child perceives the world from their subjective perspective and finds it difficult to understand other people's thoughts and feelings. The child assumes that everyone experience the world as they do as well as that everyone knows what and how the child feel or think. Another characteristic for the second stage is that the child struggles if an event would happen in reverse. For example, the child might know the way to school from home but that does not mean that the child automatically know how to get from home to school as their mind is irreversible. During the pre-operational stage, perceptions of the reality in external forms are not always altered. A child may believe that a certain amount of water becomes smaller if you pour the water from a glass to a larger bottle. The ability to conserve and retain an idea of size and amount when the external conditions change is not yet developed. (Aroseus, 2013). This stage has been a source of inspiration to Laloux's (2014) definition of the first stage in his framework, *Impulsive-Red*.

### Stage 3: Concrete-operational

When a child reached the age 7-12, internal logical thinking is more developed but their thoughts are still dependent on the integration with objects. They understand conservation; reversible thinking and can understand themselves from other people's perspective (Blake & Pope, 2008). At this stage, the child has created a better comprehension of time, the past, present and future. It is possible to apply logic operations to a situation even if they have to be concrete and specific in the execution. (Aroseus, 2013). Characteristics from this stage has, to some extent, created the ground for the definition of *Conformist-Amber* in Laloux's (2014) framework.

### Stage 4: Formal-operational

When the child reaches the age of 12 and enters the fourth stage, abstract thinking is applicable. The child can now think logically and show lingering egocentrism (Blake & Pope, 2008). Concepts as love, freedom and democracy become graspable and it is common that the child develops and interest for politics and ethics. The reason for that is that a more scientific approach is reachable and it is possible to reflect on the subjective thinking by using hypothetical concepts and a more systematic approach. Young people have the ability to understand what is possible in relation to the objective world, can evaluate different ideas and understand that there is often more than one answer to a question. (Aroseus, 2013). The formal-operational stage corresponds to organizations from the *Achievement-Orange*-paradigm (Laloux, 2014).

## Maslow's hierarchy of human needs

### Stage 1: Physiological Needs

Physiological survival is considered to be the most basic motivator of human behavior. The first set of basic, human needs are physiological and could be described as eating, drinking, sleeping and breathing (Maslow, 1943b). These basic needs are the most vital and they completely dominate a person when they are not met as humans strive to achieve a state of physiological stability (Maslow, 1943b). Eating, drinking, sleeping helps to maintain physical stability and behaviors that seek to satisfy physiological needs contribute to a sense of balance in life. When physiological needs are not met, the behavior is fundamentally different than when other needs motivate behavior. When someone is, for example, struck with a sudden need to urinate the behavior will be completely focused on that need. Other goals or needs become temporarily set to a secondary priority. In other words, when physiological needs are unsatisfied, they preoccupy the person. All of a person's available capacities will be directed towards satisfying a physiological need as they advance to superiority (Maslow, 1970).

### Stage 2: Safety Needs

When physiological needs are met, a new set of needs emerges as the primary motivators of behavior (Maslow, 1943b). This set is referred to as safety needs and could be described as physical safety, financial security and protection from harm to sustain survival. Safety needs are especially superior during an early of a human being. Maslow (1943b) argues that a child prefers a safe world where dangerous or unexpected events are rare. Safety needs also involves the need for a predictable world in which unexpected things are rare. Human beings tend to prefer familiarity which relates to the basic need for safety and protection.

When the safety needs are unfulfilled, a person becomes focused on restoring security and to avoiding danger. To illustrate with the same example as before; when the urge to urinate strikes at a time or place where the only restroom appears unsafe, it is possible that some people prefer to endure the physical discomfort rather than risk their safety using a dangerous restroom. As with the physiological needs, safety needs cease to be a primary motivator of behavior when the needs are met. (Maslow, 1943b)

### Stage 3: Love/Belonging Needs

When the physiological and safety needs are satisfied, the love and belongingness needs emerge to motivate a person's behavior (Maslow, 1943b). This set of needs refers to social relationships, connection with other people and belongingness to partnerships or groups. Furthermore, it is not enough to simply receive love since one must have the opportunity to love back (Maslow, 1979). Social relationships, friendships and network are important components that synthesize to satisfy social needs. Seeking meaning and connection with other human beings represents the core of this set of needs. Worth mentioning is that Maslow argues that a varied range of relationships are needed to fully satisfy the need for love and/or belonging.

Furthermore, belongingness is crucial for human beings who evolved as pack animals where they were dependent of the group in order to survival. Today, people seeks to belong to something larger than themselves, for example in a marriage, a family, a school, a team, a country or a society that can provide this sense of belongingness and satisfy some of the social needs. (Maslow, 1979)

#### Stage 5: Esteem Needs

The need for esteem relates to self-respect and rises when the previously mentioned sets of needs are fulfilled or somewhat satisfied. One could say that modern people wish others to regard them with esteem and they would like that to reflect their true value (Maslow, 1943b). The esteem needs also includes a desire for high and accurate estimation of the self as well as the need for others to appreciate the individual. Self-esteem is another important component of the esteem needs. The need for self-esteem must be firmly based and could not simply be described as a desire to think well about oneself. Firmly based self-esteem is found in the achievements and respect from others that an individual maintains (Maslow, 1943b). These needs have been described as a desire for self-respect based on an accurate evaluation of the self and other people. By developing ego strengths, self-confidence and capability is promoted which trigger emotions and behavior to achieve higher goals (Maslow, 1943b). Maslow argues that people who have satisfied their esteem needs tend to be very effective and well-adjusted to the society. However, if the self-esteem needs are not fully met, these can produce psychopathology, insecurity and complexes. If someone is frustrated in their esteem needs, it is possible that they create psychological defense mechanisms in their social life.

#### Stage 5: Self-Actualization

The fifth and highest level of needs refers to a person's potential and the complete realization of that potential. Maslow describes the highest level of human needs as self-actualization. To clarify, he states that:

*"What a man can be, he must be."*

*(Maslow, 1954, pp. 91)*

This quotation forms the basis of the need for self-actualization. Maslow (1954) describes the level for self-actualization as the desire to accomplish everything that someone is capable of doing in order to become the most that he or she can be (Maslow, 1954). For example, one individual may have a strong desire to become an athletic expert whilst another one wishes to become an ideal parent, painter or entrepreneur. To reach the highest level of needs, Maslow argued that one does not only have to achieve and fulfill the previous sets of needs, but master them. (Maslow, 1954).

## APPENDIX B – INTERVIEW GUIDE PART 1

QUESTION ID	AREA	QUESTION
1	Organizational Structure	Is there a metaphor to describe Kvadrat as an organization?
2	Coordination	In what way is projects organized at Kvadrat?
3	Projects	How is a project planned and executed?  What project or team management processes are used?
4	Staff functions	Which are the central staff-functions at Kvadrat?
5	Recruitment	Tell us about the recruitment process for the consultants?  What are the requirements for a consultant to join Kvadrat?  Who is responsible for interviewing an applicant?
6	On boarding	Tell us about the on boarding process
7	Training	What kind of training is there at Kvadrat, who designs it and who are the participators?  Is internal trainings mandatory or compulsive?  How do you work with coaching sessions and mentoring?
8	Job titles and descriptions	How does it work with titles and roles at Kvadrat?
9	Individual purpose	How you do to fulfil your organizational purpose?  How do you embrace the purpose and strive of the individuals?

<p><b>10</b></p>	<p>Flexibility and time commitment</p>	<p>What is the balance between profit, growth and purpose at Kvadrat?</p> <p>How flexible in terms of time commitment is allowed for the administrative employees at Kvadrat?</p>
<p><b>11</b></p>	<p>Performance Management</p>	<p>How do you apply goals in your daily work? On what levels are those goals measured?</p> <p>How do you measure if the organization is performing well?</p> <p>How do you ensure and support team performance?</p>
<p><b>12</b></p>	<p>Compensation</p>	<p>How do you set the salaries for the consultants and employees?</p> <p>Which incentives are used to support performance for teams and individuals?</p>
<p><b>13</b></p>	<p>Appointments and promotions</p>	<p>How does Kvadrat use promotions?</p> <p>Tell us about the process when a new CEO is employed?</p>
<p><b>14</b></p>	<p>Dismissal</p>	<p>How is the process of resignation carried out?</p> <p>What learnings does Kvadrat and/or the individual get from resignations?</p> <p>What are the relations to individuals who have resigned?</p>
<p><b>15</b></p>	<p>Office spaces</p>	<p>Open landscape/closed offices/hierarchy among office localizations</p>
<p><b>16</b></p>	<p>Meetings</p>	<p>Tell us about your meetings, do you use fixed meeting practices or rituals?</p>
<p><b>17</b></p>	<p>Decision making</p>	<p>Who have the authority to make decisions?</p> <p>Tell us about the internal structure for decision making.</p>
<p><b>18</b></p>	<p>Conflicts</p>	<p>How does Kvadrat handle conflicts?</p>
<p><b>19</b></p>	<p>Information flow</p>	<p>What kind of information is shared to everyone?</p>



		<p>Is there any confidential information?</p> <p>Who have the authority to speak on behalf of Kvadrat?</p>
<b>20</b>	Values	<p>How do you practically work with your organizational values?</p> <p>Which processes are used to define you corporate culture and organizational values?</p> <p>How do you sustain the values, and how do you ensure that they are adopted by the consultants?</p> <p>How do you know if the organization acts in line with the corporate values?</p>
<b>21</b>	Reflective spaces	<p>If someone feel the need to reflect, is there a space to do so at Kvadrat? Is it a supported activity?</p>
<b>22</b>	Mood management	<p>How do you handle a situation when an individual is in a bad mood at work?</p>
<b>23</b>	Community building	<p>How does Kvadrat support teamwork?</p>
<b>24</b>	Purpose	<p>What does the organizational purpose mean to do?</p> <p>How is the organizational purpose communicated?</p> <p>How to you work with the organizational purpose in practice?</p> <p>Who can sense the need to update the organizational purpose or the strategy to achieve it?</p> <p>What practices are there to create alignment among coworkers around purpose &amp; objectives?</p> <p>Who are Kvadrat's competitors and what kind of threat does Kvadrat face in terms of competition?</p>
<b>25</b>	Strategy	<p>By whom and why is the corporate strategy set?</p>

<b>26</b>	Innovation and product development	How do you present the consultants (you self) to the clients?
<b>27</b>	Supplier management	Does Kvadrat have any suppliers? If yes, on that grounds are they chosen?  What is the relationship to your suppliers?
<b>28</b>	Purchasing and investments	Who decide where the 17 % fee from the consultants should be invested?
<b>29</b>	Sales and marketing	How does Kvadrat use marketing to attract or contact clients?  What are the goals/incentives with marketing and sales activities?
<b>30</b>	Planning, budgeting and controlling	How are plans and budgets set and followed up?
<b>31</b>	Environmental and social initiatives	Who can realize an initiative?  How does Kvadrat work to decrease the environmental impact?
<b>32</b>	Change management	Tell us about the processes for change management?  How does Kvadrat respond to change initiatives?  How do you learn from mistakes or failures?
<b>33</b>	Crisis management	How do you handle crises?
<b>34</b>	Leadership	Who are the authorized and social leaders at Kvadrat?  What is expected from a leader in your organization?  How do you work with feedback?

## APPENDIX C – INTERVIEW GUIDE PART 2

AREA	QUESTION ID	QUESTION
<b>HISTORY AND INTENTIONS</b>	R1	Can you tell a bit about the history of the organization?
	R2	How would you define the purpose of the organization?
	R3	What is, or have been, the intention to allow for Kvadrat to act in the way you do?
	R4	What are the key assumptions and organizational values for Kvadrat?
	R5	How far would you say that Kvadrat have come towards fulfilling the purpose, intentions and organizational values?
<b>EMERGENCE AND RESILIENCE</b>	R6	What were the critical factors that facilitated for Kvadrat to act the way you do?
	R7	What were some key moments and turning points in creating this way of operating?
	R8	Of all processes that makes Kvadrat "unique", who are be most crucial to keep in order for Kvadrat to remain Kvadrat?
	R9	How resilient or fragile do you assess your way of operating to be?
	R10	What could possible happen for Kvadrat to start acting in a more traditional way?
<b>CULTURE</b>	R11	How would you describe the organizational culture at Kvadrat?
	R12	How homogeneous is the corporate culture at Kvadrat between the offices and how homogeneous would you like it to be?
	R13	What would you say are the dominant emotions/moods in the organization?
	R14	Do you experience a "common language" in the organization?
	R15	What types of individuals do you believe is the best match with your organization?
<b>HOLDING TENSIONS</b>	R16	What is the balance between profit and purpose?
	R17	Who have the authority to be a leader?

**LEADERSHIP  
QUESTIONS  
SPECIFIC  
FOUNDER/CEO**

R18	How do you sustain a certain level of freedom and trust?
R19	What is the balance between planning/controlling and sense and respond?
R20	What is the balance between individual freedom to decide versus collective wisdom in collaboration?
R22	What is the balance between the need for specialist skills and knowledge versus empowerment of frontline decision makers?
R23	How do you deal with being the CEO? The loneliness at the top, the weight of responsibility, the need for renewal, and the shadows you cast?
R24	How do you stay in the right presence?
R25	How do you work on your own ego?
R26	How much do you feel the organizational model depends on your presence as a leader?
R27	Do you have a network of like-minded peers outside of the organization?
R28	What references or role models do you have?

## APPENDIX D – LIST OF INTERVIEWEES

NAME	ROLE	OFFICE/LOCATION	DATE OF INTERVIEW
DINÉ, KRISTINA	Consultant	Malmoe	18th of March 2015
DYBECK, ROBERT	Consultant	Stockholm	9th of March 2015
EDSHAGE, ANNA	CEO	Gothenburg	11th of March 2015
EVERS, PETER	CEO Holding	Stockholm	6th of March 2015
GULLBERG, STEFAN	CEO Management	Stockholm	6th of March 2015
ISAKSSON, JOHAN	Consultant	Gothenburg	11th of March 2015
KALLBLAD, SARA	CEO	Linkoping	25th of February 2015
KJELLDORFF, THOMAS	Co-founder	Stockholm	31st of March 2015
LIDFORSEN, ALLAN	CEO/Consultant	Malmoe	20th of March 2015
LILLIEROTH, CARL-JOHAN	Consultant	Gothenburg	12th of March 2015
LIJUNGSTRÖM, EVA	Event Coordinator	Stockholm	9th of March 2015
LINDGREN, TONY	Consultant	Linkoping	25th of February 2015
NILSSON, CHARLOTTE	HR employee	Stockholm	9th of March 2015
NORDAHL, STELLAN	Consultant	Malmoe	12th of February 2015
NORRSELL, LARS	Consultant	Malmoe	6th of March 2015
SKÖRVALD, FREDRIK	Former CEO	Malmoe	20th of February 2015
SÖDERLUND, ANNA	Vice President	Gothenburg	11th of March 2015
WESSBERG, FREDRIK	COO Holding	Stockholm	9th of February 2015
WIRÉN, TOBIAS	Consultant	Linkoping	25th of February 2015

## **APPENDIX E – RESULT OF DISCUSSION IN TRANÅS**

At a company-wide conference with 130 attendants, the author presented their first findings. A discussion was held in smaller groups, to get feedback on how Kvadrat perceive the findings.

Date: 2015-04-24

Location: Tranås, Sweden

### **Discussion Questions:**

1. Do you agree on Kvadrat's position in the RIO framework?
2. What does the result mean to you?
3. What other questions do you feel are emerging now?

### **Answers to the 1<sup>st</sup> question: Do you agree on Kvadrat's position in the RIO framework?**

- We agree on Kvadrat's stage in RIO
- We are decentralized, as owners, board members, salespeople and consultants are connected and influence each other's decisions
- No one is managing over somebody else
- The characteristics of Teal are very close to how Kvadrat wants to be
- We agree on the higher purpose and values-driven culture
- Kvadrat is purpose-driven
- We agree on the flat organization, with no titles and without prestige
- We feel familiar with the team spirit you describe
- We strongly agree, and believe that the existing organizational structure of Kvadrat is similar to Teal in many aspects
- We strongly agree on Kvadrat's stage in RIO that you presented
- There are no titles, everyone does what is needed
- We agree on the lack of titles, and that hierarchies are not important. We can recognize Kvadrat in most of what you presented
- We feel like we belong to Teal, with no hierarchies and the board gives us support
- We are, as you stated, purpose-driven

- We have a relative low hierarchy, but there might be a big difference for employees and consultants
- Every person strive to their own personal purpose. As you stated, we are a flat organization with no managers
- All employees creates a service-organization, with no pre-determined roles
- Individual call is why people have joined Kvadrat. The individual the consultants are acting more from Teal than the employees.
- The CEO's are coaches. We are involved in decisions to some extent, but would like to be more involved
- The purpose of being part of Kvadrat is more related to happiness and self-actualization than making money
- We agree on the Green aspect of Kvadrat, and to some extent on the Teal aspects. Kvadrat is founded by consultants for consultants, where the managers are soundboards.
- Strong recognition! Kvadrat is Teal!
- We have the freedom to direct our professional life, and influence the organizational structure
- We are self-organized and purpose driven
- Mattias is very good at sharing and spreading information about what is going on at our business office. We agree upon that Kvadrat has a lack of a hierarchical structure
- The lack of hierarchies is well understood, as presented
- We recognize ourselves in the ideas in the Teal paradigm. This is how we work - without hierarchies
- There were many valuable suggestions presented, for example regarding each individuals own purpose. Our decision-making process is not the same as in a Teal-organization, since our is not always democratic
- The titles have low significance, but the employees has more clear roles
- We agree that we are a value-driven company, the CEO is there to provide support, not to manage
- We agree that the roles are not predefined, and titles are not important. We are a purpose-driven organization.
- We, as an organization, have a clear purpose and "why". We are a flat organization

- We recognize ourselves in the lack of titles and fixed roles, as well as we are not process-oriented
- We agree on the absence of hierarchy, individualistic
- We agree that there are no significance of titles. We strive to be a flat organization
- As individuals, we can influence decisions. The CEO has a less important role (in comparison to other organizations)
- We recognize ourselves in some aspects of a Teal organization
- Profit is important since it enables opportunities
- We strongly agree on all you presented

### Answers to the 2<sup>nd</sup> question: What does the result means to you?

- Your findings confirms that our vision is what should be guiding us
- The results can be used generally in the recruitment process, and specifically to attract younger consultants. The results also contributes to input to our internal five areas of improvements
- We need to find out how each of us defines a “happy” consultant, on an individual level
- Kvadrat should be more like Teal, but on the other hand we do not know enough of what the Green stage represents
- It feels like we as an organization is moving towards the right direction. A next step can be to include our clients, by showing the advantages of the concept of Kvadrat
- We are on the right place
- We are proud of Kvadrat
- It is enjoyable to work at a company with a modern organizational form
- The idea of finding each individual’s own purpose and call is very interesting, as well as how to support that journey. This could be a next step.
- We thought Kvadrat was a unique concept. At the same time, it is fun to see that a company that has existed for 27 year is more modern than Google and Nike
- Your result proves that we have worked on the right aspects. What is our process of finding out how our purpose is profitable?



- I could use this knowledge when communicating with a client. Your presentation was an eye opener.
- Your presentation confirms our beliefs and what we are striving to create
- We need to spread information better regarding hourly wages and resumes.
- It is interesting to see how high we have reached in this framework. The philosophy of a Teal-organization corresponds quite well to Kvadrat. At the same time, we can see that we do not strive to become more Teal, unless it happens by itself in our current strive to realize our purpose.
- This proves that we are on the right track. Do we need to know that?
- Evolutionary... that is the way to go. We must continuously improve and reevaluate how we make renewals. As it is right now, I am happy to work the way I am, which is always what to strive for
- In the recruitment phase, we must coach new consultants in finding their individual values and create awareness around its impact. We should be proud of our vision. We all do an internal journey, to find out what makes me happy.
- Your presentation verify our development regarding organizational forms. Now we would like to be more open regarding hourly wages and other kind of information, and we need to boost the consultants' self-confidence.
- We are very satisfied to see that you perceive Kvadrat the way we want to be perceived. It would be good if Kvadrat can be more known for the unique company we are.
- Interesting to learn about Teal, and there might be tools etcetera related to Teal that we can make use of. Further on, it would be interesting to see what negative aspects there are of the different stages. Is it desirable to only use Teal practices, in every situation? Are there processes we should use from the Red paradigm instead?
- It is very positive that Kvadrat is not a hierarchical organization. As of today, we need to keep going in this direction, and increase the joint ownership
- What do a Teal-organization do? How can we learn from others?
- Your presentation confirms my view of Kvadrat and its purpose. It gives me a boost to work in such a successful company.
- It is important to find a balance between transparency and total transparency. Apart from this, we like the idea of transparency and openness.

- A next step would be to conclude your presentation and inform clients and all of our consultants. The result validates our organizational model.
- We found the individual call extremely interesting
- We liked your advice to reconcile our purpose and aim for transparency
- We should have annual appraisals, performance management and discussions focusing on my personal purpose, and mediate my goals to the board.
- We would like to know more about the RIO framework
- From an organizational perspective, we are not fully Teal
- We would like to increase the information transparency. This process has already started at the business office in Linköping, and we would like it to spread to the other business locations as well.
- We found the theoretical walkthrough of how a Teal organization operates very valuable. We also liked your suggestion about embracing individual purpose in order to fulfil our organizational purpose
- The concept of Teal is completely new for us
- This presentation was very valuable, and one could see how an organization could continue its transformation into Teal, if that is the goal?
- You confirm our view of Kvadrat
- You put the head on the nail regarding the proposal to change our purpose to “create the happiest people in the world”. Overall, your presentation was very interesting.

**Answers to the 3<sup>rd</sup> question: What other questions do you feel are emerging now?**

- Where am I heading?
- How can Kvadrat be compared to other organizations?
- What does the result implies in order to act earlier in a client’s processes, in order to form its strategies?
- We would like to know more about the definitions of the other stages, as well as finding out what processes that made Kvadrat Green?
- How can we make clients and the market as a whole understand this?
- How is other firms acting based on this framework? Is our position good?
- There must be a limitation of how big a Teal-organization can be

- We are positive towards the individuals own purpose, and we need to identify and support the individuals in finding their purpose.
- How can we, with the help of Teal, be even more innovative and not be stuck with old words and phrases in the consulting branch, as we are doing today?
- What is the next stage after Teal? What is the need for this kind of organization, for whom does it fit / not fit?
- How can we create a brand awareness to attract students to join Kvadrat, after they have worked for a couple of years?
- Can we categorize our clients? Which ones are Red, Orange and Green, and how can we use this information?
- In our every-day life, we are located at our client's office and not Kvadrat's, how can we handle this?
- Should Kvadrat take a bigger responsibility?
- This framework is difficult to apply on us, since many of us is located at our client's offices and not employed by Kvadrat.
- To share must be a fully mutual process
- How can we be famous?
- Where can we get more information regarding the evolution of organizational forms?
- Where are our competitors placed in this framework? Is there any connection to organizational type and success?
- Is there any higher limitation of how big a Teal-organization can be without the disconnection of an individual?
- Maybe we should phase out the board, and use groups instead?
- How do we handle crisis?
- We need a more detailed description of how you categorized the processes
- Your comments on transparent information was very good, and can be used regarding ongoing contracts and deals
- We would like more information transparency
- Is total transparency favorable?
- What is the common opinion of Teal?

- We would like to see all of your result to see how we as an organization can improve ourselves
- What Orange processes do we have?

# APPENDIX F. ANALYSIS MATRIX

AREA	Q ID	IMPULSIVE-RED	CONFORMIST-AMBER	ACHIEVEMENT-ORANGE	PLURALISTIC-GREEN	EVAOLUTIONARY-TEAL
<b>STRUCTURE</b>						
Organization structure	1		Rigid pyramid with fixed hierarchies	Hierarchial pyramid	- Decentralized - Can sometimes be an empowered hierarchy - Nested hierarchies	- Self-organizing teams - When needed, coaches (no P&L responsibility, no management authority) cover several teams
Coordination	2			Coordination through fixed meetings at every level (from executive team downwards), often leading to meeting overload		- No executive team meetings - Coordination and meetings mostly ad hoc when needs arise
Projects	3	- The organization is entirely process driven - Organization charts		- The organization is process and project driven - Heavy machinery (program & project managers, Gantt charts, plans, budgets, etc.) to try and control complexity and prioritize resources		- Radically simplified project management - No project managers, people self-staff projects - Minimum (or no) plans and budgets, organic prioritization
Staff functions	4			Plethora of central staff functions for HR, IT, purchasing, finance, controlling, quality, safety, risk management etc.		- Most such functions performed by teams themselves, or by voluntary task forces - Few staff remaining have only advisory role
<b>HUMAN RESOURCES</b>						
Recruitment	5			Interviews by trained HR personnel, focus is on fit with job description		Interviews by future colleagues, focus is on fit with organization and with purpose
Onboarding	6			Mostly administrative onboarding process		- Significant training in relational skills and in company culture - Rotation programs to immerse oneself in the organization
Training	7			- Training trajectories designed by HR - Mostly skill and management training	- Training to help new managers deal gracefully with power and delegate much of it to their subordinates - Much focus on training	- Personal freedom and responsibility for training - Critical importance of common training that everybody attends
Job titles & job descriptions	8	- Formal titles - People must adapt to the box they have been recruited or promoted into		- Formal titles - People must adapt to the box they have been recruited or promoted into	- No managers, just leaders	- No job titles - Fluid and granular roles instead of fixed job descriptions
Individual purpose	9			(It's not the organization's role to help employees identify their personal calling)	- Relationships are valued above outcomes	- Recruitment, training, and appraisals used to explore juncture of individual calling and organizational purpose
Flexibility & time commitment	10			N/A		- Honest discussion about individual time commitment to work vs. other meaningful commitments in life - High degree of flexibility in working hours, as long as commitments are upheld

AREA	Q ID	IMPULSIVE-RED	CONFORMIST-AMBER	ACHIEVEMENT-ORANGE	PLURALISTIC-GREEN	EVAOLUTIONARY-TEAL
Performance Management	11			<ul style="list-style-type: none"> <li>- Focus on individual performance</li> <li>- Appraisals established by hierarchial superior</li> <li>- Appraisal discussion aimns for objective snapshots of past performance</li> </ul>	<ul style="list-style-type: none"> <li>- Focus on team performances</li> </ul>	<ul style="list-style-type: none"> <li>- Focus on team performance</li> <li>- Peer-based processes for individual appraisals</li> <li>- Appraisals discussion turned into personal inquiry into one's learning journey and calling</li> </ul>
Compensation	12		<ul style="list-style-type: none"> <li>- Salaries are fixed and determined by the person's level in the hierarchy (or the person's diploma)</li> <li>- No performance incentives</li> </ul>	<ul style="list-style-type: none"> <li>- Decision made by hierarchial superior</li> <li>- Individual incentives</li> <li>- Meritocratic principles can lead to large salary differences</li> </ul>	<ul style="list-style-type: none"> <li>- Team bonuses to reward collaboration</li> </ul>	<ul style="list-style-type: none"> <li>- Self-set salaries with peer calibration for base pay</li> <li>- No bonuses, but equal profit sharing</li> <li>- Narrower salary differences</li> </ul>
Appointments & promotions	13		<ul style="list-style-type: none"> <li>- Positions higher than a certain level often still require a specific diploma or a certain number of years of service</li> <li>- Promotion can bypass the most qualified and go to the person who happens to tick off the right criteria</li> </ul>	<ul style="list-style-type: none"> <li>- Intense jockeying for scarce promotions leads to politics and dysfunctional behavior</li> <li>- Silos: every manger is king of his castle</li> </ul>	<ul style="list-style-type: none"> <li>- Team-incentives</li> <li>- Everyone have the same power</li> </ul>	<ul style="list-style-type: none"> <li>- No promotions, but fluid rearrangement of roles based on peer agreement</li> <li>- Responsibility to speak up about issues outside of one's scope of authority</li> </ul>
Dismissal	14		<ul style="list-style-type: none"> <li>- Lifelong employment is the norm</li> </ul>	<ul style="list-style-type: none"> <li>- Boss has authority(with HR approval) to dismiss a subordinate</li> <li>- Dismissal mostly a legal and financial process</li> </ul>	<ul style="list-style-type: none"> <li>- Somewhat a betrayal by the group</li> </ul>	<ul style="list-style-type: none"> <li>- Dismissal last step in mediated conflict resolution mechanisms</li> <li>- In practise very rare</li> <li>- Caring support to turn dismissal into a learning opportunity</li> </ul>
<b>DAILY LIFE</b>						
Office Spaces	15			<ul style="list-style-type: none"> <li>- Standardized, soulless professional buildings</li> <li>- Abundant status markers</li> </ul>		<ul style="list-style-type: none"> <li>- Self-decorated, warm spaces, open to children, animals, nature</li> <li>- No status markers</li> </ul>
Meetings	16			<ul style="list-style-type: none"> <li>- Many meetings, but few meeting practices</li> </ul>		<ul style="list-style-type: none"> <li>- Specific meeting practices to keep ego in check and ensure everybody's voice is heard</li> </ul>

AREA	Q ID	IMPULSIVE-RED	CONFORMIST-AMBER	ACHIEVEMENT-ORANGE	PLURALISTIC-GREEN	EVAOLUTIONARY-TEAL
Decision making	17	- A good decision is the one that gets me what I want	- Effectiveness and success are the yardsticks by which decisions are made - Decisions are hold up to the light of conformity to social norms	- High up in the pyramid - Any decision can be invalidated by hierarchial superior	- Bottom-up processes, gathering input from all and trying to bring opposing points of view to eventual consensus - All perspectives deserve equal respect - Push a majority of decisions down to frontline workers who can make far-reaching decisions without management approval - Matters are judged by the criteria of belonging and harmony	- Fully decentralized based on advice process (or on holacratic decision-making mechnisms) - (A) shift from external to internal yardsticks in decision-making
Conflicts	18			- Conflict often glossed over, no conflict resolution in practices		- Regular time devoted to bring to light and address conflicts - Multi-step conflict resolution process - Everyone trained to conflict management - Culture restrics conflict to the conflicting parties and mediators; outsiders are not dragged in
Information flow	19		- Formal reporting lines from bosses to subordinates - Information is shared on an asneeded basis	- Information is power and released on a need-to-know basis - Secrecy toward the outside world is the default position		- All information available in real-time to all, including about company financials and compensation - Total transparency invites outsiders to make suggestions to betting bring about purpose
Values	20			(Values often only a plaque on the wall)	- Clear values - Evaluation of how well we live the company values	- Clear values translated into explicit ground rules of (un)acceptable behaviours to foster safe environment - Practices to cultivate discussions about values and ground rules
Reflective Spaces	21			N/A		- Quiet room - Group meditation and silence practices - Large group reflection practices - Team supervision and peer coaching
Mood management	22		N/A	N/A		Conscious sensing of what mood would serve the organization's purpose
Community building	23			N/A		Storytelling practises to support self-disclosure and build community
<b>MAJOR ORGANIZATIONAL PROCESSES</b>						

AREA	Q ID	IMPULSIVE-RED	CONFORMIST-AMBER	ACHIEVEMENT-ORANGE	PLURALISTIC-GREEN	EVAOLUTIONARY-TEAL
Purpose	24			<ul style="list-style-type: none"> <li>- Primary purpose is organizational self-preservation (whatever the mission statement says)</li> <li>- (No practices to listen to the purpose; self-preservation against competing is the key driver of decision making)</li> </ul>		<ul style="list-style-type: none"> <li>- Organization seen as a living entity with its own evolutionry purpose</li> <li>- The concept of competition is irrelevant; "competitors" are embraced to pursue purpose</li> <li>- Practices to listen into the organization's purpose:</li> <li>- Everyone a sensor</li> <li>- Large group processes</li> <li>- Meditations, guided visualizations, etc.</li> <li>- Responding to outside prompting</li> </ul>
Strategy	25		<ul style="list-style-type: none"> <li>- The thinking happens at the top, the doing at the bottom</li> <li>- Believe in the absolute truth of right and wrong</li> </ul>	Strategic course charted by top leadership		<ul style="list-style-type: none"> <li>- Strategy emerges organically from the collective intelligence on self-managing employees</li> </ul>
Innovation & product development	26			<ul style="list-style-type: none"> <li>- Outside in: customer surveys and segmentation define the offer</li> <li>- Client needs are created if necessary</li> </ul>		<ul style="list-style-type: none"> <li>- Inside out: offer is defined by purpose</li> <li>- Guided by intuition and beauty</li> </ul>
Supplier management	27			Suppliers chosen based on price and quality	<ul style="list-style-type: none"> <li>- Work with their suppliers in developing countries to improve local working conditions and prevent child labor etc.</li> <li>- OK if higher initial costs, it will be rewarded in the end</li> </ul>	<ul style="list-style-type: none"> <li>- Suppliers chosen also by fit with purpose</li> </ul>
Purchasing & investments	28			<ul style="list-style-type: none"> <li>- Authorization limits linked to level in hierarchy</li> <li>- Investment in budgets steered by to management</li> </ul>		<ul style="list-style-type: none"> <li>- Anybody can spend any amount provided advice process is respected</li> <li>- Peer-based challenging of team's investment budget</li> </ul>
Sales & Marketing	29			<ul style="list-style-type: none"> <li>- Brands positioned to fit consumer segmentation (outside in)</li> <li>- Sales force driven by targets and incentives</li> </ul>		<ul style="list-style-type: none"> <li>- Marketing as a simple proposition: this is our offer to the world (inside out)</li> <li>- No sales targets</li> </ul>
Planning, budgeting, & controlling	30	<ul style="list-style-type: none"> <li>- A whole catalog of rules is set up</li> </ul>		<ul style="list-style-type: none"> <li>- Based on "predict and control"</li> <li>- Painful cycles of mid-term planning, yearly and montly budgets</li> <li>- Stick to plan is the rule, devitation must be explained and gaps closed</li> <li>- Ambitious targets to motivate employees</li> </ul>		<ul style="list-style-type: none"> <li>- Based on "sence and respond"</li> <li>- No or radically simplified budgets, no tracking of variance</li> <li>- Workable solutions and fast iterations instead of searching for "perfect" answers</li> <li>- Constant sending of what's needed</li> <li>- No targets</li> </ul>



AREA	Q ID	IMPULSIVE-RED	CONFORMIST-AMBER	ACHIEVEMENT-ORANGE	PLURALISTIC-GREEN	EVAOLUTIONARY-TEAL
Environmental and social initiatives	31			<ul style="list-style-type: none"> <li>- Money as extrinsic yardstick: Only if it doesn't cost too much initiate</li> <li>- Only the very top can begin initiatives with financial consequences</li> </ul>	<ul style="list-style-type: none"> <li>- Social responsibility is a integral part of business</li> </ul>	<ul style="list-style-type: none"> <li>- Integrity as intrinsic yardstick: What is the right thing to do?</li> <li>- Distributed initiative taking, everyone senses the right thing to do</li> </ul>
Change management	32		<ul style="list-style-type: none"> <li>- Change is viewed with suspicion, strive for order and predictability, what has worked in the past will work in the future.</li> </ul>	<ul style="list-style-type: none"> <li>- Whole arsenal of change management tools to get organization from A to B</li> </ul>		<ul style="list-style-type: none"> <li>("Change" no longer a relevant topic because organizations constantly adapt from within)</li> </ul>
Crisis mangement <b>ADDED</b>	33			<ul style="list-style-type: none"> <li>- Small group of advisors meet confidentially to support CEO in top-down decision making</li> <li>- Communication only when decision is made</li> </ul>		<ul style="list-style-type: none"> <li>- Everyone involved to let the best response emerge from collective intelligence</li> <li>- If advice process needs to be suspended, scope and time of suspension is defined</li> </ul>
Leadership	34		<ul style="list-style-type: none"> <li>- Workers are mostly lazy, dishonest, and in need of direction, and must therefore be supervised and told what is expected from them</li> <li>- Instruct workers exactly what they need to do and how they need to do it</li> </ul>		<ul style="list-style-type: none"> <li>Nobody holding a leadership position, or if needed, work with rotating leadership</li> <li>- Leaders are appointed by the employers</li> <li>- Managers are evaluated based on 360-degree feedback</li> <li>- Focus on empowerment</li> </ul>	<ul style="list-style-type: none"> <li>- Role modeling of Teal behaviours, Creating and holding the space for Teal process.</li> <li>- Their power is limited to advice</li> <li>- Always listen to the purpose of the organization, and in each new decision, ask What desision will best serve the organizations's purpose?</li> </ul>