

LITERATURE REVIEW OF ORGANIZATIONAL HEALTH: A REVIEW OF UNDERLYING FACTORS THAT INFLUENCE ORGANIZATIONAL CULTURE AND CLIMATE FOR OVERALL HEALTH AND PEAK PERFORMANCE:

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ABSTRACT

This paper aims at dealing with the process of culture and climate building in organizations and implications to management values and relations. The basic underlying factors that influence organizational culture and climate contribute to the overall health and as well as peak performance of the organization. Thus Organization Development (OD) is concerned with the diagnosis of Organizational health and performance, and the ability of the organization to adopt to change. It involves the applications of organizational behavior and recognition of the social processes of the organization. The manager needs to understand the nature of organizational culture and climate, employee commitment, conflict and the successful implementation and management of organizational change. The researcher, therefore, purposes to review various researchers who have discussed interrelated organizational development interventional strategies aimed at the development of individuals, groups, and the organization as a total system so as to make them more effective.

Key words: Organizational health, Culture, Performance, Interventions, Change management, Organization Development.

INTRODUCTION

In attempting to define what we mean by Organization Development (OD), it is important to focus on the meaning of development what do we mean by development? At first, it may look rather easy, but on reflecting more deeply about it, one realizes that the concept of development includes a number of Socio – cultural and political questions. It is not so easy any longer. Without going into the details, we can say that it implies a movement from a less advanced stage to one we would consider as better and advanced. Development also means that somebody has an idea about the stage we are aiming at. Depending on operational level, he or she may be a politician, a planner or an OD Consultant.

OD is a relatively young discipline. It is hardly four and a half decades old but in that short period, it has already attracted a lot of interest among organizational researchers and practitioners. It is however very difficult to find one definition universally accepted.

Organization development (OD) is a generic term embracing a wide range of intervention strategies into the social processes of an organization. These intervention strategies are aimed at the development of individuals,

groups and the organization as a total system. Because OD is a generic term there are many possible ways in which it can be defined.

Warren Bennis (1969), an American social scientist at the State University of New York at Buffalo, formulated one of the first useful definitions.

“Organization Development (OD) is a response to change, a complex educational strategy intended to change beliefs, attitudes, values and structures of organizations so that they can better adapt to new technologies, markets and challenges, and the dizzying rate of change itself”.

Another interesting definition comes from Richard Beckhard (1969) organization consultant and teacher at MIT in Boston. “Organization Development is an effort planned, Organization-wide, and Managed from the top, to increase organizational effectiveness and health through planned interventions in the organizations “processes”, using behavioral science knowledge”.

OD aims at the whole organization, and it is the topmanagement that is responsible for this conduct. Bechard introduces a new concept of organizational health. Widlund (1979) summarizes some of the criteria that are characteristics of organizational health as follows:

1. Organizations shall be able to change by organizing themselves in various ways, depending on the tasks,
2. Responsibility (for planning, problem solving, decision-making etc., should to the greatest possible extent be located to the place where the work is carried out,
3. There shall be such conditions in the organization that enable the employee to participate, to take responsibility, to exercise self-control and to take initiatives,
4. Influence to be based on qualifications rather than on formal position in the organization,
5. There shall be good cooperation between individuals and groups of people who are dependent on each other in their job instead of excessive competition,
6. The development and work satisfaction of the employees shall be seen as a natural part of the goals of the organization,

There shall be an open problem-solving atmosphere in the whole organizations both in respect of feelings and psychological problems.

The culture of an organization is also often likened to the personality of an individual. For us to communicate and cooperate, we must share some common assumptions about the world we live in and some common standards by which to judge our own and each other’s actions. When accepted by employees, cultural values increase the power and authority of management in three ways.

1. Employees identify themselves with their organization and accept its rules when ‘it is the right thing to do’.
2. Internalize the organization’s values when they believe they are right; and
3. Are motivated to achieve the organizations objectives.

Culture is reinforced through the system of rites and rituals, patterns of communication, the informal organization, expected, expected ‘patterns of behavior and perceptions of the psychological contract.

There are a number of ways in which to classify different types of organizational culture. For example, developing the ideas of Harrison, Handy describes four main types of organizational cultures: power culture; role culture; task culture; and person culture.

Every organization will have its own unique culture and most large business are likely to be something of a mix of cultures with examples for each of the four types of varying areas of the organization. Different people enjoy working in different types of organization culture and they are more likely to be happy and satisfied at work if their attributes and personalities are consistent with the culture of that part of the organization in which they are employed.

The Importance of Culture

At the heart of organization development and improved performance is the need to effective management. It is the role of management to act as an integrating activity and to co-ordinate, guide and direct the efforts of members towards the achievements of goals and objectives. The process of management. However, does not take place in a vacuum but within the context of the organizational setting. Applications of organizational behavior and the effective management of human resources are dependent therefore not only upon the nature of the industry or business, but also upon the characteristic features of the individual organization- and its culture.

The pervasive nature of culture in terms of how things are done around here common values, beliefs and attitudes will therefore have a significant effect on organizational processes such as decision-making, design of structure, group behavior, organization, motivation and job satisfaction, and management control. For example, many managers claim that their organization's culture contributes considerably to their stress.

Harrison and Stokes maintain that organizational culture influences the behavior of all individuals and groups within the organization.

Culture impacts most aspects of organizational life, such as how decisions are made, who makes them, how rewards are distributed, who is promoted, how people are treated, how the organization responds to its environment, and so on.

Culture and Organizational Performance

Culture can help reduce complexity and uncertainly. It provides a consistency in outlook and values, and makes possible the processes of decision-making, co-ordination and control. Culture is clearly an important ingredient of effective organizational performance. In their study of 62 American companies with outstandingly successful performance, Peters and Waterman draw attention to the importance of corporate culture.

Without exception, the dominance and coherence of culture proved to be an essential quality of the excellent companies. Moreover, the stronger the culture and the more it was directed to the marketplace, the less need was there for policy manuals, organization charts, or detailed procedures and rules. In these companies, people way down the line know what they are supposed to do in most situations because the handful of guiding values in crystal clear.

Although a number of the original 'excellent' organizations have since fallen from grace. The importance of culture to effective organizational performance still stands and has been reinforced by a study by Heller of Europe's top companies. For example, in commenting on Heineken's superiority in world markets, Heller makes the point that it rests in part on its remarkable corporate culture:

"There is nothing accidental about cultural strengths ... There is a relationship between an organization's culture and its performance".

In their original study of highly successful companies, Goldsmith and Clutterbuck identified eight characteristics built into the day-to-day culture of the organization. From their subsequent study of the world's top companies a key characteristic of big performing companies is a challenge culture. All the companies are very demanding of the people who work for them but this is balanced by a nurturing culture which shows that they also care for their employees in numerous ways.

Brown suggests that organizational culture can be a powerful tool for improving performance and the key to effective leadership and organizational development. However, it is important that:

Effective leadership and workable organization design and development programmes must be based on sensitivity to, and understanding of culture. Excellent leaders are not merely aware of the organization's basic assumptions, they also know how to take action, mold and repair them. This process of cultural management appears to have been achieved through the skillful use of artifacts, stories, myths and symbolic actions to reinforce desired patterns of thought and behaviour.

Climate also relates to the recognition of the organization as a social system and the extent to which membership is perceived as a psychologically rewarding experience. It can be seen as the state of mutual trust and understanding among members of the organization.

For example, Rentsch suggests that: 'one assumption of climate theory is that organizational members perceive and make sense of organizational policies, practices, and procedures in psychologically meaningful terms'.

Characteristics of a Healthy Organizational Climate

Organizational climate is characterized, therefore, by the nature of the people-organization relationship and the superior-subordinate relationship. These relationships are determined by interactions among goals and objectives, formal structure, the process of management, styles of leadership and the behavior of people.

Although similar types of organizations will share certain common features and norms, each organization will have its own different and distinctive features. In general terms, however, a healthy organizational climate might be expected to exhibit such characteristic features as:

1. The integration of organizational goals and personal goals;
2. The most appropriate organization structure based on the demands of socio-technical system;
3. Democratic functioning of the organization with full opportunities for participation
4. Justice in treatment with equitable HRM and employment relations policies and practices
5. Mutual trust, consideration and support among different levels of the organization;
6. The open discussion of conflict with an attempt to avoid confrontation;
7. Managerial behavior and styles of leadership appropriate to the particular work situation.

8. Acceptance of the psychological contract between the individual and organizations;
9. Recognition of people's needs and expectations at work, and individual differences and attributes;
10. Equitable systems of rewards based on positive recognition;
11. Concern for the quality of working life and job design;
12. Opportunities for personal development and career progression;
13. A sense of identity with, and loyalty to, the organization and a feeling of being valued and important member.

If organizational climate is to be improved, then attention should be given to the above features. A healthy climate will not by itself guarantee improved organizational effectiveness. However, an organization is most unlikely to attain optimum operational performance unless the climate evokes a spirit of support and co-operation throughout the organization, and is conducive to motivating members to work willingly and effectively.

Organizational climate will influence the level of morale and attitudes which members of the organization bring to bear on their work performance and personal relationships. Morale, however, is another general concept which is difficult to measure objectively. A carefully designed and conducted attitude survey may help to establish the feelings of staff on factors contributing to organizational climate. When morale is low, and feelings of frustration or alienation are found to exist, it is important that positive action is taken to remedy the causes.

Morale can be viewed in terms of the mental attitudes which people have towards their tasks and responsibilities. Patrick and Manning suggest that before managers can start to improve morale they should review four main areas in which to develop the best possible attitudes in their staff.

A sense of importance in their job. Staff should have a feeling of meaning in the job, challenging and reasonably demanding assignments, and a sense of job accomplishment based on competent performance.

Teamwork among the staff. There should be a sense of group pride and self-esteem, a high level of human interactions and good relations with co-workers, team effort and the support of other staff including supervisors and top management.

Management care about staff welfare. Staff should receive just rewards for the contribution and fair treatment for the efforts. There should be clear statement of management goals and efforts to resolve genuine goal incongruence. Management should show concern for staff welfare, and attempt to create a feeling of mutual trust and respect with staff.

Economic rewards fair and individualized. Attention should be given to payment of sufficient wages and the fair distribution of wages. If fringe benefits are added management should attempt to meet individual needs and preferences. There should be opportunities for job advancement including promotion and cross job postings.

Use of Managerial Tools

Chatman and Cha suggest that every company has a culture – good or bad. However there is more to a good culture than happy staff. In order to aid long-term performance, there are three main criteria needed to develop a suitable culture:

1. It must be strategically relevant;
2. It needs to be strong in order that people care about what is important; and
3. The culture must have an intrinsic ability to adapt to changing circumstances.

In order that leaders can develop, manage and change their culture for better performance, Chatman and Cha refer to the use of three managerial tools.

1. **Recruitment and selection** – hire people who fit the company’s culture even if they may involve overlooking some technical skills for a better cultural fit. Look at the characteristics of your recruiters and consider your selection decision in the light of culture.
2. **Social tools and training** – develop practices that enable new people to understand the values, abilities, expected behavior and social knowledge in order to participate fully as an employee, and to create strong bonds among members
3. **Reward system** – culture is an organization’s informal reward system but it needs to be intricately connected to formal rewards.

ORGANIZAITONAL CONFLICT

It might be expected that a healthy organizational climate would be reflected by complete harmony in working relationships, and loyalty and common commitment to the goals and objectives of the organization. This view of work organization as ‘happy families, is perhaps a worthwhile and creditable ideal and as such appears to be implied by a number of management writers.

Any business enterprise must build a true team and weld individual efforts into a common effort. Each member of the enterprise contributes something different, but they must all contribute towards a common goal. Their efforts must all pull in the same direction, and their contribution must fit together to produce a whole – without gaps, without friction, without unnecessary duplication of efforts... The manager must know and understand what the business goals demand of him in terms of performance, and his superior must know what contribution to demand and expect of him – and must judge him accordingly. If these requirements are not met, managers are misdirected. Their efforts are wasted, instead of teamwork, there is friction, frustration and conflict.

The organization is viewed as an integrated and harmonious whole. Conflict is seen as a dysfunction outcome and can be explained, for example by poor communication, personality clashes or the work of agitators. But, if one accepts the views of, for example, the social action writers and the idea of a pluralistic approach to work organizations, then conflict among competing sub-groups will be seen as inevitable. Conflict is seen as an inherent feature of organizations and induced in part, by the very structure of the organization. The pluralistic manager is more likely to accept that conflict in organizations requires careful handling and attempt to reconcile rival interest.

The Radical Perspective

The radical perspective is associated with the ideas of writers such as Karl Marx and the structuralism approach to organizations and management. It challenges the traditional view of conflict and sees organizations in terms of the disparity in power and control. Conflict is a feature of the unequal nature of organizational life and a means of bringing about change. Collective bargaining is not seen as particularly helpful in a system stacked against the workers. Conflict is a natural part of the class struggle. The design of organization structure, management systems and the choice of technology all form part of the struggle for power and control within the work organization.

According to the radical approach, the design of organization structure, management systems and the choice and use of technology all form part of the struggle for power and control within the work organization. Greater attention should be given to relationships between the formal and informal aspects of the organization and the study of conflict between the needs of the individual and those of the organization and between workers and management.

Conclusions:

Change is a pervasive influence. We are all subject to continual change of one form of another. Change is an inescapable part of both social and organizational life.

The effects of change can be studied over different time scales, from weeks to hundreds of years, and they can be studied at different levels. Change can be studied in terms of its effects at the individual, group, and organization, and society, national or international level. However, because of its pervasive nature, change at any one level is interrelated with changes at other levels, and it is difficult to study one area of change in isolation. But our main focus of attention is on the management of organizational change. Organization change can be initiated deliberately by managers, it can evolve slowly within a department, it can be imposed by specific changes in policy or procedures, or it can arise through external pressures. Change can affect all aspects of the operation and functions of the organization.

An organization can only perform effectively through interactions with the broader external environment of which it is part. The structure and functioning of the organization must reflect, therefore, the nature of the environment in which it is operating. There are factors which create an increasingly volatile environment, such as:

1. Uncertain economic conditions;
2. Globalization and fierce world competition;
3. The level of government intervention;
4. Political interest;
5. Scarcity of natural resources;
6. Rapid development in new technology and the information age.

In order to help ensure its survival and future success the organization must be readily adaptable to the external demands placed upon it. The organization must be responsive to change. Other major forces of change include:

1. Increased demands for quality and high levels of customer service and satisfaction;
2. Greater flexibility in the structure of work organizations and pattern of management;
3. The changing nature and composition of the workforce; and
4. Conflict from within the organization.

Change also originates within the organization itself. Much of this change is part of a natural process of ageing: for example, as material resources such as buildings, equipment or machinery deteriorate or lose efficiency; or as human resources get older, or as skills and abilities become outdated. Some of this change can be managed through careful planning – for example, regular repairs and maintenance; choice of introducing new technology or methods of work; effective human resource planning to prevent a large number of staff retiring at the same time; management succession planning – training and staff development. However, the main pressure of change is from external forces.

The organization must be properly prepared to face the demands of a changing environment. It must give attention to its future development and success and this includes public sector organizations and the armed forces.

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