

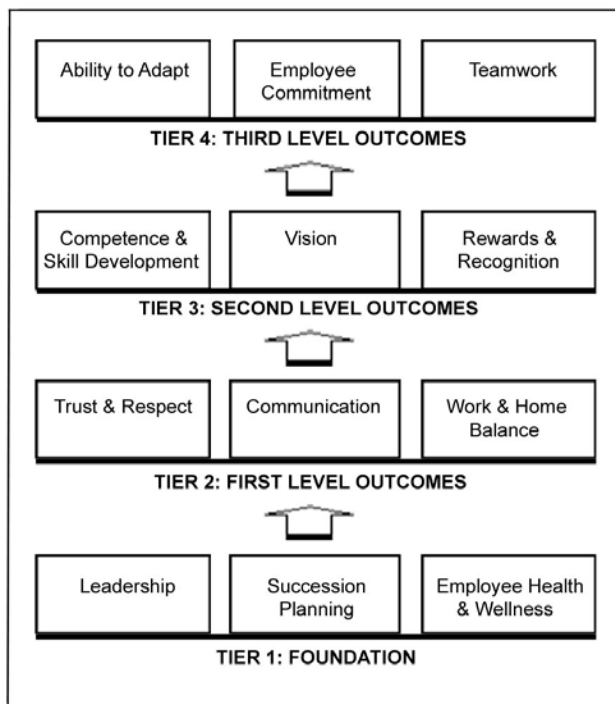
## Organizational Effectiveness and Capacity: The Critical Role of Organizational Health

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The effectiveness and functional capacity of any organization is determined by two major elements. The first of these is *Organizational Structure*, and this has traditionally provided the basis for corporate management paradigms. We are all aware of the structural components such as finance, physical plants, product, market position, and access to resources and market. We also know that infrastructure elements such as governance models, reporting structures, staffing models, information management systems, strategic planning, and research and development allocations are critical to the success of any organization. In fact, organizational structure provides the basic architecture, or skeleton, for an organization and determines the potential extent of its particular capacity.

However, and critically, what bring that structure to life are the people who animate it. This is the second element of organizational effectiveness and capacity – *Organizational Health*. Organizational Health encompasses all the psychological, physiological and social components of the organizational system – all the distinctly human parts.

Based on both research and best practice, the author has developed the 4-Tier, 12-Factor Organizational Health Model. Critically important to the model is the causal hierarchy of the 12 factors which fall into a base set of Foundation elements (Tier 1), and three layers of outcome elements (Tiers 2-4). The following schematic briefly describes the model.



*The 12 Factor, 4-Tier Organizational Health Model*

### ***Tier 1: The Foundation***

The model rests on three fundamental elements – *leadership, succession planning and employee health and wellness*. These three provide the foundation for all the other elements of the organizational health model. The importance of high quality, effective leadership has been demonstrated repeatedly as crucial to virtually every outcome factor<sup>1, 2, 3</sup>. The mental and physical well-being of both staff and managers is also a central determinant of all other organizational health elements<sup>4, 5, 6, 7</sup>. Succession planning is particularly important at this point, given the unprecedented rate of employee turnover precipitated by baby-boomer retirement, a general scarcity of younger skilled workers and increased job mobility options for the new workers. These factors all combine to challenge organizational sustainability and capacity<sup>8, 9, 10</sup>.

### ***Tier 2: First Level Outcomes***

Within the model, *communication, trust and respect and work-life balance* are first level culture outcomes of the foundation elements and set the stage for the remaining elements. The functional capacity of a work culture founded on mutual trust and respect<sup>11, 12</sup>, with effective communication<sup>13</sup>, is very different from one characterized by suspicion, distrust and communication failures. Equally important is the ability of employees to

balance their personal and professional lives. Work-family conflict is a serious contributor to employee stress and represents a confounding influence on employee engagement<sup>14</sup>. Family-friendly employment practices provide important dividends<sup>15, 16</sup>.

### **Tier 3: Second Level Outcomes**

This level contains *vision, competence and skill development* and *rewards and recognition*. These three elements depend upon the previous two levels and inform the top tier of outcomes. Staff and managers need a clear and congruent vision of the organization's purpose<sup>17, 18</sup> within a framework that recognizes and rewards their contributions<sup>19, 20</sup>. Equally, in successful organizations the development of employee skills and competencies are valued and willingly embraced via formal training, coaching and mentoring<sup>21, 22, 23</sup>.

### **Tier 4: Third Level Outcomes**

This is the functional level that organizations typically pay the most attention to, and it includes *ability to adapt, teamwork* and *employee commitment*. However, performance at this level is largely dependent on the elements contained within the lower three tiers. Certainly, it is generally recognized that successful organizations are adaptive and creative<sup>24</sup>, teamwork is effective and productive<sup>25, 26</sup>, and employees are committed to their future with the organization<sup>27</sup>.

Even with the most comprehensive and advanced organizational structure, poor levels of organizational health critically undermines the effectiveness and productive capacity of an organization. Conversely, with high levels of organizational health, systems are enormously resilient and may often transcend and transform the apparent limitations of their structure.

## **The Current Work Environment**

Much has already changed within the work environment in this young century. Accelerating rates of globalization, information and communication technology advances, corporate restructuring, demographic transformations, high turnover, and the sheer pace of change have all interacted and contributed to increasingly stressed systems<sup>28</sup>. From an organizational health perspective, the cumulative impacts of these stresses are often manifest in terms of recruitment and retention challenges, increased rates of physical and mental illness, communication breakdowns, poor morale, conflict and consequent erosions of operational capacity<sup>5</sup>.

We currently find ourselves at a remarkable time in history - where people are being called upon to deal with unprecedented levels of multidimensional pressure in terms of information density, pace of response, complexity, rate of change, and quantity of work, along with other novel environmental and social challenges. This is not what we, as a species, were originally adapted for, and the consequences of the stresses are glaringly apparent<sup>29</sup>.

Thus, the issue of *Organizational Health* becomes increasingly critical as stresses upon systems and the individuals within them increase.

## **Addressing the Challenges**

Complex multifactor problems cannot be solved by a single response. Rather, we need a more comprehensive paradigm that can incorporate the complexity and provide an overarching and practically applicable approach. We believe that our 12-factor, 4-tier Organizational Health Model meets this challenge. The Model is based upon a risk and resilience approach and provides a quantifiable, explanatory approach to the critical problems confronting the contemporary work environment.

**Assessment & Recommendations:** The model grounds an assessment process that provides a detailed and unique profile for the given organization – a profile that effectively guides sequential interventions to address identified challenges.

The organizational health assessment process involves two main sources of information that provide both quantitative and qualitative data. The 72-item, 12-Factor Organizational Health Survey tool identifies organizational areas of strength, risk and challenge in each of the 12 Organizational Health Factors. It is available as an online web-based instrument or as a paper and pencil booklet. The assessment instrument also gathers background demographic information, and is customized to the specific needs of each client organization. Demographic considerations generally include job type, age, gender, years with the organization, turnover intentions, retirement plans, and family factors. The assessment survey is designed to be distributed to all members of the organization for completion under conditions of confidentiality. Additional qualitative information is gathered using one-hour structured interviews with key individuals in organization and with a representative sample of employees. All information gathered, and all subsequent analyses and reports maintain the confidentiality of participants.

**Training:** We also provide specialized intensive training for managers based on the Organizational Health Model. During the training managers apply the model to their own work groups, and explore the vital role that managers play in organizational health, and complete self assessment tools to determine their areas of strength and challenge. The importance of issues such as recruitment and retention, change management, staff turnover, building trust, transitioning into the manager's role, communicating up and down, mentoring/coaching staff, generational differences are also investigated and applied. Identifying and addressing the support and training need of managers is also a priority.

### Application & Efficacy

Formal assessments using the 12-factor, 4-tier Organizational Health Model has now been applied in a number of settings with larger (over 1000 employees), and smaller (100-600 employees) organizations in the justice and social services sectors. Independent follow-up studies have demonstrated high levels of efficacy and have supported ongoing initiatives. Data collection from these assessments is also being applied to ongoing research into the mechanisms and demographic characteristics of organizational health, resiliency and stress effects.

The leadership training has now been successfully provided to many organizations including groups within the social services, health care, corrections, and justice sectors. The levels of engagement and satisfaction have been high and participants have appreciated the practical application of the material to their unique situations.

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