

CHAPTER - I

INTRODUCTION



ORGANIZATIONAL HEALTH

In the new millennium the environment of today's organizations has changed a great deal. A variety of driving forces provoked this change to take place. Increasing telecommunications has "shrunk" the world substantially. Increasing diversity of workers has brought in a wide array of differing values, perspectives and expectations among workers. Public consciousness has become much more sensitive and demanding that organizations be more socially responsible. Much of the third world countries have joined the global marketplace, creating a wider arena for sales and services. Organizations become responsible not only to stockholders but to a wider community of "stakeholders".

'Organizational Health' is the latest buzzword in business circles. This involves corporate culture, commitment, ethics, employee morale and organizational stress. In healthy organization managers find committed and loyal employees' with high morale. In other words, healthy organizations are those, where people like to come to work and are proud to be a part of a healthy organization is a context in which people invest themselves and blossom.

The catalyst in the process of making the organization healthy is the Human Resource Department. The role of the HR Department thus becomes more crucial than ever; it has become a strategic business partner today. 'Organizational Health' cannot be achieved unless all dimensions: employees, management, stakeholders, customers and environment are given equal importance. HR is the only department that interlinks all these functions.

Further, Organizational Effectiveness is the key to ensure the survival, growth and sustainability of organization. It enables people to use their creativity, energy and resources for the issues that really matter to the organization thus leading to achieving organizational and employee goals. Organizations thus, have responsibility to provide employees with jobs that are challenging and rewarding and ultimately leading to Job Satisfaction and increasing Organizational Commitment.

An organization is always a collection of people, not only a collection of objective. Not just those who establish the organization, but those who join it as well, have their own agenda-existential, social, psychological-related to what they want to see accomplished within human being inherently comprises numerous inseparable aspects. By every act they engage in, individuals manage multiple aspects simultaneously, and this requires that they develop purposes of their own. Members have to realize their own objectives in joining an organization, not only the objectives of the organization.

Only when certain resources are available an organization can start to operate, and only if the organization uses resources efficiently will it be able to survive over time. The very concept of an organization is to bring order in the pursuit of its goals, to organize itself efficiently. Every organization has to exist, succeed, survive in a given, although not unchangeable, environment.

Every human being or human system such as an organization has three states on a continuum. At one end there is a distress or disease, in the middle it is normality and at the other extreme is health.

- ✦ A state of distress or **disease** is the sum of personal, work, environmental conditions and stress that result in the individuals in the organizations to perform individually and collectively below expectations and potential as well as below the industry average.
- ✦ The state of **normality** is the condition where the individual's performance and the organizational performance is at the expected levels and which is comparable to the industry average.

- ✦ The state of **health** is the state in individuals and organizations that allow them to perform at levels far above what might possibly be expected, even by themselves – certainly higher than any of their competitors. This is where the organization becomes best in class, regenerative, agile and resilient

Hasan (2004) mentioned about the new forms of organizations, exhibiting the following characteristics that are geared to make organizations more receptive, adaptive and generative – always focused on meeting the needs of stakeholders:

1. **Strong Employee Involvement** – Input to the system starts from those closest to the outcome preferred by the system, from those most in-the-know about whether the organization is achieving its preferred outcomes with its stakeholders or not. This way, the organization stays highly attuned and adaptive to the needs of stakeholders.
2. **Organic In Nature** – Less rules and regulations, sometimes no clear boundaries and always – changing forms.
3. **Authority Based On Capability** – Ensures the organization remains a means to an end and not an end itself.
4. **Alliances** – Takes advantage of economies of scale, e.g. collaborations, networks, strategic alliances / mergers, etc.
5. **Teams** – Shares activities to take advantage of economies of scale at the lowest levels of activities and ensures full involvement of employees at the lowest levels.
6. **Flatter, Decentralized Organizations** – Less middle management, resulting in top management exchanging more feedback with those providing products and services; also results in less overhead costs.
7. **Mindfulness Of Environments, Changes, Patterns And Themes** – Priority on reflection and inquiry to learn from experience; develop “learning organizations”.
8. **Network Structure** – This modern structure includes the linking of numerous, separate organizations to optimize their interaction in order to accomplish a common, overall goal. An example is a joint venture to build a

complex, technical system such as the space shuttle. Another example is a network of construction companies to build a large structure.

9. **Virtual Organization** – This emerging form is based on organization members interacting with each other completely, or almost completely, via telecommunications. Members may never actually meet each other.

10. **Self-Managed Teams** – These teams usually include from 5 – 15 people and are geared to produce a product or service. Members provide a range of the skills needed to produce the product. The team is granted sufficient authority and access to resources to produce their product in a timely fashion. The hallmark of a self-managed team is that members indeed manage their own group, i.e., they manage access to resources, scheduling, supervision, etc. Team members develop their own process for identifying and rotating members in managerial roles. Often, authority at any given time rests with whoever has the most expertise about the current activity or task in the overall project. Often members are trained in various problem-solving techniques and team-building techniques. These teams work best in environments where the technologies to deliver the product or service are highly complex and the marketplace and organizations environments are continually changing. Self-managed teams pose a unique challenge for the traditional manager. It can be extremely difficult for him or her to support empowerment of the self-managed team, taking the risk of letting go of his or her own control.

11. **Learning Organizations** – In an environment where environments are continually changing, it's critical that organizations detect and quickly correct its own errors. This requires continuous feedback to, and within, the organization. Continual feedback allows the organization to 'unlearn' old beliefs and remain open to new feedback, uncoloured by long-held beliefs.

In a learning organization, managers don't direct as much as they facilitate the workers' applying new information and learning from that experience. Managers ensure time to exchange feedback, to inquire and reflect about the feedback, and then to gain consensus on direction.

12. **Self-Organizing Systems** – Self-organizing systems have the ability to continually change their structure and internal processes to conform to

feedback with the environment. Some writers use the analogy of biological systems as self-organizing systems. Their ultimate purpose is to stay alive and duplicate. They exist in increasing complexity and adapt their structures and forms to accommodate this complexity. Ultimately, they change structure dramatically to adjust to the outer environment.

A self-organizing system requires a strong current goal or purpose. It requires continual feedback with its surrounding environment. It requires continual reference to a common set of values and dialoguing around these values. It requires continued and shared reflection around the system's current processes. The manager of this type of organization requires high value on communication and a great deal of patience – and the ability to focus on outcomes rather than outputs.

These characteristics have been the sole result of only one thing which is change. It is only the ever changing environment that has induced competition into organization in such a way that they have been forced to change their nature and style of working. In order to meet this changing environment, the competitive edge seen today is the ability of an organization to tap the creative brain power of its employees and to help them translate good ideas into customer centered products and services. The challenge is to build vibrant organizations, adapted to modern needs. Only in a healthy organization can this happen. Health is the underlying driver of all success. Moving towards health saves a great deal of money and releases human energy and creativity.

DEFINITION

Organizational Health – It is an organizational ability to function effectively to cope adequately to change approximately, and to grow from within. Organizational health like personal health may vary from a minimal to a maximum level.

Organizational Health is a measure of the working environment in terms of:

- Management practices
- Performance management
- Workplace safety
- Treatment of people
- Motivation: compensation
- Focus on quality
- Focus on the customer

Organizational Health can be defined as a workplace environment where employees thrive and work at a performance level which is beyond expectations, over the long term and also where the organization has the ability to function effectively, cope adequately to changes appropriately and to grow from within.

Organizational Health is the dynamic state of well-being in which an organization's formal and informal structures contribute positively to its overall effectiveness and to the quality of workplace life for the people within the organization.

"Organizational Health is the ability to cope with event which has negative impact whether occurring inside and / or outside the organization, as well as one which is able to exploit opportunities sufficiently fast in such a way that diversion from pursuing the purposes of the organization and / or dissatisfaction of stakeholders is not persistent and recurrent."

According to **Miles** (1973) Organizational Health is "a set of fairly durable and secondary system properties, which tends to transcend short-term effectiveness. A healthy organization in this sense not only survives in its environment but also continues to cope adequately over the long run and continuously develops and extends its surviving and coping abilities. Short-

run operations on any particular day may be effective or ineffective, but continued survival, adequate coping and growth are taking place.”

Miles has discussed ten second order properties which constitute Organizational Health. These include goal focus (clarity, achievability and appropriateness of goals), communication adequacy (vertical, horizontal and across boundaries), optimum power utilization (equitable distribution of influence), resource utilization, cohesiveness, morale, innovativeness, autonomy, adaptation and problem-solving adequacy.

According to **Fordyce and Weyle** (1971), “a healthy organization is one that has a strong sense of its own identity and mission and yet has the capacity to adapt readily to change.”

Fordyce and Weyle have listed twenty three characteristics of healthy and unhealthy organization. The characteristics of the healthy organization include widely shared objectives, freedom of people to share difficulties, pragmatic problem solving, functional decision making (decision making being influenced by factor like ability, sense of responsibility, availability of information, work load, timing and requirements for professional and management development rather than organizational level), responsibility sharing, respect of judgment of people lower down in the organization, tackling problems of personal needs and human relationships, collaboration, joint effort in crisis management, conflict management with openness, use of feedback, joint critiquing, honest relationships (concern about others and trust in others), voluntarism, flexible leadership, high degree of trust, acceptance of risk, learning from mistakes, joint resolution of poor performance, functionalism of procedures, sense of order and high rate of innovation, adaptability and joint management of frustrations.

Pareek and Rao (1977) stressed autonomy, collaboration and interdependence, creativity, proactive behaviour, work motivation, functionality

(as opposed to bureaucratization), openness and centrality (people feeling central in the organization) as important dimensions of Organizational Health.

THE LUXEMBERG DECLARATION

Workplace health promotion (WHP) is the combined efforts of employees, employers and society to improve the health and wellbeing of people at work.

This can be achieved through:

- Improving the work organization
- Promoting active participation
- Encouraging personal development.

WHEN CAN AN ORGANIZATION BE CALLED SUCCESSFUL?

When an organization is successful, it directly refers to its effectiveness and efficiency of using resources, and perhaps indirectly, to its ability to attract customers. Both of these characteristics are relative. The concept of success assumes the existence of a benchmark, a standard. Compared to which one is successful. Peers usually serve as a reference group and one defines success as exceeding someone else's performance. Thus, success necessarily implies competition. The success of organization is measured by financial results almost exclusively. If an organization achieves profit, that is, its revenues from customers exceed-or in the case of non-profit equal-expenses, it is even considered highly successful. Other indicators can complement the profit measure, for example revenue per employee, productivity, market share or price earnings ratio. These measures further scale the efficiency with which resources are applied to fulfilling the objectives and the growth of the organization

Focusing on a vision and realizing part of it day by day while continually monitoring the environment including the competition is characteristic of a healthy organization.

A healthy organization not merely concerns itself with the financial performance, but develops meaningful objectives and measures around non-financial indicators, that focus upon

- The relationship with employees, their safety, reward, security of employment.
- Equal opportunity for growth and promotion.
- Meeting the present and future needs of the consumers with high standards of value, quality and service.
- Establishing policies associated with risk management to ensure compliance with statutory and legal obligations.
- Meeting present environment demands.

Only by meeting high levels of performance in these areas will an organization be able to achieve and sustain its financial targets and meet the required standards of Organizational Health.

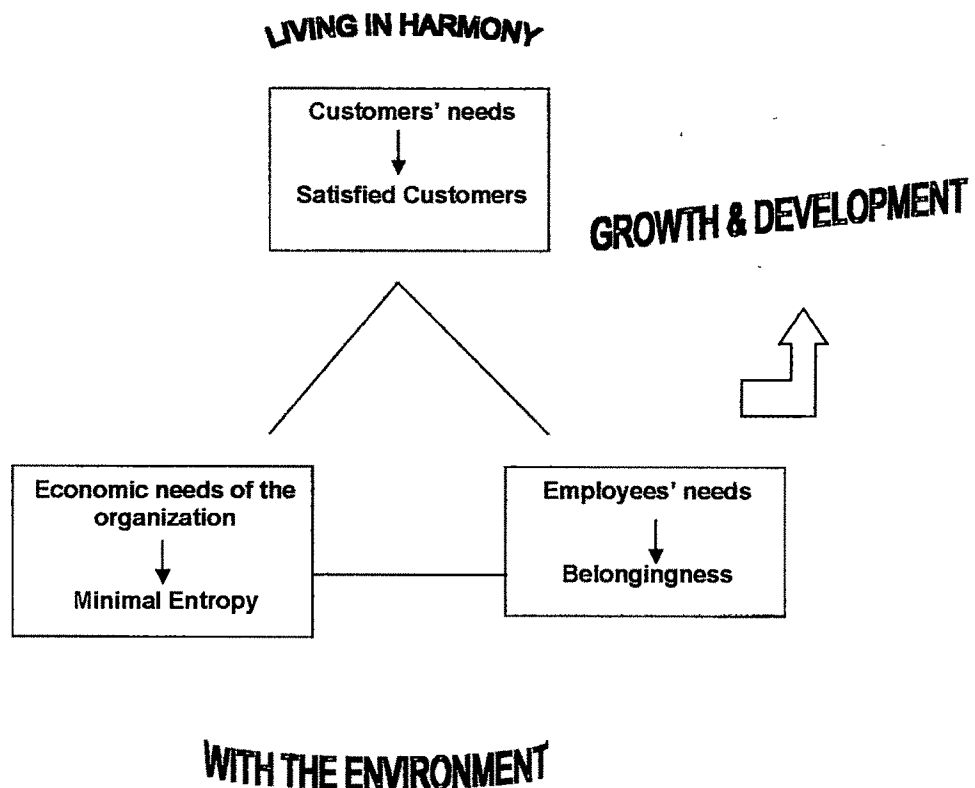
ORGANIZATIONAL HEALTH IS A HOLISTIC CONDITION

Earlier, health of organizations was totally and solely dependent upon their profits. If they could secure heavy investments and earn satisfactory return on investments (ROI), they were healthy. Today, however, successful organizations look at the aspect of their health from a totally different point of view. For them, Organizational Health is a holistic condition, the coexistence of numerous aspects of organizational functionality.

The nature of organizations implies several dimensions in which functionality should be considered in order to assess the state of Organizational Health. An organization can be considered healthy if the following statements can characterize its functionality.

- A healthy organization satisfies customer needs by providing great value for the customer and thus earns legitimacy for its existence and the ability to maintain itself as a going concern via the continuous stream of revenues

- A healthy organization satisfies the needs of its members by creating an environment where members develop and believe that they matter, and so they can fulfill their individual objectives while they realize the objectives of the organization.
- A healthy organization satisfies economic requirements (financial benchmarks such as profitability imposed mainly by market and regulators) by using resources most efficiently and effectively in its pursuit of objectives.
- A healthy organization maintains a balance between the above three fundamental objectives by developing a structure and culture which encourage considering them simultaneously when making decisions.
- A healthy organization grows and develops over time, increasing its reach and/or ability to handle complex situations.
- A healthy organization lives in harmony with its environment.



(Source: 'The Joyful Organization' by Nandkarni, Lovey and Erdelyi; 2003)

When an organization is described as vigorous and potent, satisfying to a certain degree each of these Organizational Health criteria a new set of choices appear. At this level the attention of members can turn towards how best to pursue the objectives because they are not preoccupied with restoring functionality. It is in this environment that experiencing joy becomes a possibility.

Ideal organizations determine their health by their ability to capture emotions and mindsets of their customers and honouring the credibility of their promises. They look at their employees not only as crucial resources for the organization, but also as the reason for their existence and well-being. This also forms a basic requirement of Organizational Health – to satisfy the needs of its customers (both internal i.e. their employees and external i.e. their clients). So, the principle aim is to diagnose organizational problems and prescribe the required interventions to bring about the desired changes. Whatever method is used for that purpose, the end result should be focused on how to make the organization, an ideal one which fulfills the following criteria:

1. Satisfies the needs of its members (employees)
2. Satisfies the economic requirements of the organization
3. Satisfies its customers
4. Balances the above 3 fundamental objectives (I,II and III)
5. Grows and Develops over time
6. Lives in harmony with its environment

Organizational Health is the holistic condition of these 6 main criteria being satisfied to a high degree concurrently.

“Organizational Health is the ability to cope with events (internal or external) which have a negative impact whether occurring inside and / or outside the organization; as well as one which is able to exploit opportunities sufficiently fast in such a way that diversion from pursuing the purposes of the organization and / or dissatisfaction of stakeholders is not persistent and recurrent.”

MEASURING HEALTH

Definition of Organizational Health can be extended to include:

- The ability to cope with events which have negative impact whether occurring inside and/or outside the organization.
- As well as to exploit opportunities sufficiently fast in such a way that diversion from pursuing the purposes of the organization and / or dissatisfaction of stakeholders is not persistent and recurrent.

What is really interesting about today's situation is that even though the disease is costing the organization in an increasing scale no attention or attempts are made to find out the reasons for the fall in the productivity. If the organizations can master its internal and external resources and is capable to solve problems so that not only are they solved for the time being, but that they do not deepen or reoccur, the organization can be called a healthy one. When the problem-solving mechanisms are absent, weakened or slow in response, problems occur, persist or recur, using energy and resources in preoccupation with short-term partial remedies, not main purposes. This phenomenon is called organizational disease. Organizational diseases are situations in which:

- part(s) of the organization do not fulfill their functions according to the requirements:
- some of the organization's processes persistently fail to meet requirements:
- one or more of the fundamental objectives is repeatedly neglected in the decision making process.

Diagnosis of Organizational Health entails a focused collection of data for the purpose of identifying and treating organizational diseases. To treat a disease, after ascertaining the nature of it, one must determine its cause. To be able to state that a cause renders an organizational disease, one should be able to see that whenever the cause happens, the disease happens.

THE CAUSES OF ORGANIZATIONAL DISEASES AND THEIR ORIGINS

If the final goal is to prevent or address dysfunctional activities in the organization, a diagnostic understanding of the causes of the diseases and their origins is also necessary. A number of structural and cultural characteristics of the organization or the surrounding environment can be identified as a cause. Examples range from how the different levels of the organization cooperate to how predictable a specific part of the environment is. To facilitate the treatment of a disease the origin of the disease must be clarified. The causes of organizational diseases have three main origins.

The first origin is called '**genetic**'. When the origin of a disease is genetic, the cause of a disease can be traced to the character, personality and the consequent belief system of the key players who had either established it or who lead the organization. Although this process involves a plethora of probabilistic outcomes, the structure and culture of an organization can and often do astutely reflect the founders' belief systems, and the specific characteristics of their individual personalities. Furthermore, certain sets of beliefs are likely to lead to certain structural or cultural causes, provoking the appearance of corresponding symptoms and thus diseases.

The second origin is '**birth-related**'. Trauma, shock, or difficulties during the period in which the organization is brought to life, much like during delivery, can create long-lasting effects. Founders mobilize resources when they establish an organization. Sometimes the resources prove to be inadequate for the purpose. Inadequacy of resources during the early period of getting established can have a long-lasting influence on the culture and structure of the organization. When this situation occurs, it results in causes which provoke certain kind of symptoms and behavior patterns from the members of the organization for a long time to come even if the shortage of resources has long since been resolved. For example, a shortage of financial resources

leads to unwarranted decision making power of the finance department long after the critical phase in the life of the organization is over

The third origin of diseases is '**environmental**'. Factors external to the organization, such as circumstances defined by the surrounding society and its cultural norms, the market, and the regulatory system impact the structure and culture of an organization. If the environment of an organization facilitates, for example, corrupt transactions, similar practices are likely to occur in organizations as well. These external factors determine for the organization either the relevant environment or the inputs from the environment, both of which can have a detrimental and long-lasting impact on an organization.

CLASSIFICATION OF ORGANIZATIONAL DISEASES BASED ON THE SIX ORGANIZATIONAL HEALTH CRITERIA

THE FIRST HEALTH CRITERION: Balancing the Three Fundamental Objectives of Organizations

(1) Customer-related Diseases of the Lack of Balance:

✚ *Customer Exploitation*

✚ *Servility*

(2) Employee-related Diseases of the Lack of Balance:

✚ *Alienation*

✚ *Pampering*

(3) Economic-related Diseases of the Lack of Balance:

✚ *Negligence of Financial Matters*

✚ *Money Mania*

THE SECOND HEALTH CRITERION: Satisfying the Needs of its Members (Employees)

✚ *Organizational Paranoia*

✚ *Workaholism*

THE THIRD HEALTH CRITERION: Satisfying the Economic Needs of its Organizations:

- ✚ *Insensitivity to Problems*
- ✚ *Bureaucracy*
- ✚ *Decision Paralysis*
- ✚ *Sub-Optimizing*
- ✚ *Self-Centered Leadership*
- ✚ *Short Sightedness*
- ✚ *Long Sightedness*
- ✚ *Risk Avoidance*

THE FOURTH HEALTH CRITERION: Satisfying the Needs of its Customers

- ✚ *Insufficient Value for Customers*

THE FIFTH HEALTH CRITERION: Growth and Development

- ✚ *Stagnation*
- ✚ *Tunnel Vision*

THE SIXTH HEALTH CRITERION: Living in Harmony with the Environment:

- ✚ *Aggressive Approach to the Environment*
- ✚ *Insufficient Interaction with the Environment*

ORGANIZATIONAL DISEASES: THEIR SYMPTOMS, CAUSES AND ORIGINS

❖ Disease : CUSTOMER EXPLOITATION

Customers are perceived primarily as an income source, a means to an end. This attitude results in an exploitative approach towards customers. It is likely that this approach is not limited to customers but extended to other stakeholders as well.

Symptoms

- ◆ A high percentage of products / service is rejected.
- ◆ Few repeat customers.
- ◆ Customer issues are not disseminated throughout the organization.

- ◆ Customers are late or hesitant to transfer payment for services or products indicating that they are not motivated to keep up a good relationship with the organization

Causes

- ◆ The organization consciously defines its relationship with the customer as a purely transactional relationship and one with a short term frame. There is no long term thinking.

Origins

- ◆ *The genetic origin:* The founder is selfish and an opportunist who established profit from exploiting the customer transaction as the organization's motive.
- ◆ *The birth-related origin:* During the first phase of the organizational life, economic regulation or political legislation provided easy sales through establishing a monopolistic position.
- ◆ *The environmental origin:* A shortage exists in the market of the particular product / service the organization is providing due to the originality of the product / service and limited supply

❖ Disease : **SERVILITY**

It is described as trying to get the order and keeping the customer whatever it takes, subordinating to customer's wishes by disregarding the business model, to benefit the customers alone

Symptoms

- ◆ Employees hesitate to differ with the customer, even if it would be in the customer's best interest. Instead of a 'service provider attitude' manifested in treating the customer as a partner, the prevailing culture enforces a 'servant attitude' towards the customers.
- ◆ The organization urges employees to stretch resources and efforts to meet changes in customer demand, which the organization seeks to accommodate at any cost.
- ◆ Unethical practices can spread to attract more customers.

- ◆ Overspending on sales rather than on marketing occurs.

Causes

- ◆ Members of the organization believe that the organization has to do everything to retain its customers
- ◆ The single most important objective of the organization is growth, overriding understanding customer needs or improving the competitive spirit of the organization.

Origins

- ◆ *The genetic origin:* Founders fear losing or getting an insufficient number of customers and spread this culture across the organization.
- ◆ *The birth-related origin:* When the organization was brought to life, it had to struggle to get orders.
- ◆ *The environmental origin:* A shift from a seller's market to a buyer's market could be a factor.

❖ Disease : ALIENATION

This disease is characterized by an organization's attitude of viewing its employees as a means to its end. Members of such an organization experience a sense of paralysis for their growth and development in the organization. This disease also affects the employee's feeling of belongingness towards their organization.

Symptoms

- ◆ High turnover, above industry average or increasing in comparison to the previous periods.
- ◆ Gossiping is rampant in the organization.
- ◆ People tend to take long breaks whenever they can.
- ◆ Psychosomatic symptoms are a common feature among the employees.

Causes

- ◆ It occurs when people are treated as machines. The culture of the organization lacks aspects of nurturing and caring as efficiency and profitability are overriding concerns.
- ◆ Management has insufficient people skills

Origins

- ◆ *The genetic origin:* The key executives believe that people are not to be trusted.
- ◆ *The birth-related origin:* When the organization was funded, possible to high local unemployment, people were glad to take a position to high local unemployment, people were glad to take a position rather than choosing a position. It was a forced choice.
- ◆ *The environmental origin:* The broader environment is very competitive and exploitative in nature, and then people look at each other as opportunities to be exploited.

❖ **Disease : PAMPERING**

This organizational disease is found in organizations that focus too much on the individual needs of its members and neglect other fundamental objectives. Thus, they pamper their employees and avoid giving a negative feedback on their performance. Such an organization also experiences lack of discipline.

Symptoms

- ◆ Punishment remains a verbal threat at most, without practical consequences.
- ◆ Giving negative feedback is discouraged.
- ◆ Individual needs take priority over organizational needs
- ◆ There is lack of discipline.
- ◆ In case of conflicts with customers, the organization always supports its employees.

Causes

- ♦ Pampering arises from situations where people orientation overrules task / result orientation in his existing culture, even if accommodating people indiscriminately has been proven problematic over the long term

Origins

- ♦ *The genetic origin:* Here, executives have a hard time accepting the fact that people leave. They may feel that the organization is a family, and that they have to take care of their people no matter what.
- ♦ *The birth-related origin:* In the early stage of the life cycle of the organization, key people leave producing a vacuum causing massive shocks and survival problems for the organization.
- ♦ *The environmental origin:* When the market is booming and it seems there is an endless source for revenue, there is tendency for organizations to become complacent. They hire new people because people do not want to overwork.

❖ Disease : **NEGLIGENCE OF FINANCIAL MATTERS**

Here, people in the organization are just not interested, and do not attach enough importance to the financial consequences of their activities. This kind of negligence leads to waste and inefficient allocation of resources that eventually puts the financial stability of the organization at risk.

Symptoms

- ♦ The organization is prone to over spending.
- ♦ The values of the shares in the stock market falls below the issue price.
- ♦ Cash crunch is frequent.
- ♦ Finance's role is limited to recording events.
- ♦ The return on investment is lower than the average in the industry.

Causes

- ♦ One of the causes of this disease is that a financially negligent organization is absorbed in producing a product or the service they are

providing. Employees share the vision and consider their vision more worthy than that of the organization.

- ◆ Another potential cause of the disease could be attributed to the lack of financial competencies among the employees.

Origins

- ◆ *The genetic origin:* It occurs when the founders have a strong personal commitment to their activity, clients or product but their business interest and education is lower than the average
- ◆ *The birth related origin:* It occurs when during the infancy stage of the organization, there was plenty of funding available for the organization.
- ◆ *The environmental origin:* When money is cheap for a certain sector or type of activity, organization is more tempted to operate without tested business models.

❖ Disease : **MONEY MANIA**

The organization focuses on the financial aspects of decision-making at the expense of the customer and employee needs. The main objective is to operate with minimal cost resources, maximizing short-term profits.

Symptoms

- ◆ Departments are exclusively on their ability to generate revenues
- ◆ Switching of suppliers for price discounts is frequent.
- ◆ Every effort is made to minimize cost, salary increases and rewards are minimal
- ◆ The finance function is the most powerful one across the organization.
- ◆ Finance plays a controlling role in other departments' decisions.

Causes

- ◆ Money is perceived as the only value, which matters to such an extent, that it overpowers other values like value-added customers.

Origins

- ◆ *The genetic origin:* The entrepreneur's overriding objective in founding the organization was to make money.

- ♦ *The birth-related origin:* At its beginning, if the organization has had major financial problems, then it becomes an imprint in the culture which is carried on in later life cycles of the organization.
- ♦ *The environmental origin:* There is lack of financial resources in the market, typical in emerging markets or economies in transition.

❖ Disease : **ORGANIZATIONAL PARANOIA**

This disease is caused due to lack of trust and fear across the hierarchy, among different teams and individuals in the organization. This problem stems from the lack of trust shown by managers in the employees of the organization.

Symptoms

- ♦ Lack of information
- ♦ Senior managers encourage promotion of their 'own people' i.e. people who they expect to stay loyal to them
- ♦ The management feels that it has to keep an eye on everything.
- ♦ There is tight control in the organization.
- ♦ Rumours frequently circulate in the organization.
- ♦ Cliques are common.

Causes

- ♦ Normally fear is behind the lack of trust and organizational paranoia. Managers cannot trust people and are afraid that employees will take advantage of any situation if not kept under tight control.

Origins

- ♦ *The genetic origin:* Lack of trust typically starts from one of the key players, who does not possess the capacity to trust people and this becomes a part of the organization culture.
- ♦ *The birth-related origin.* During the early life cycle of the organization, there may have been a major incident when somebody abused some information.

- ♦ *The environmental origin* When the general socio-political system of a country is autocratic / dictatorial and it limits human rights, organizations are not exempt of this attitude either

❖ **Disease : WORKAHOLISM**

This disease is characterized by employees spending an inordinate amount of time at the work place i.e. beyond normal working hours. It is contagious behaviour and the more people do it, the more is the pressure on everybody to follow it.

Symptoms

- ♦ Signs of stress appear such as psychosomatic diseases or neurosis.
- ♦ In some organizations Workaholism becomes an explicit or implicit requirement for moving up the hierarchy.
- ♦ Employees' families complain about long working hours.
- ♦ Different signs of burn-out can be observed.
- ♦ People do not use their vacation times.

Causes

- ♦ The task of a particular person or a group cannot be performed even by efficient work within normal working hours. Another cause could be peer pressure. Colleagues put pressure on each other to stay longer, so much so that it becomes a norm.

Origin

- ♦ *The genetic origin:* The founders of the organization are workaholics and gather the same type of people around them.
- ♦ *The birth-related origin:* In a new organization, where unexpected things turn up and puts substantial pressure on the members for the sake of survival and hence employees work long hours. The culture becomes addictive and hence workaholism sets in.
- ♦ *The environmental origin:* It is typical of the 90s. Many people die because of stress of their tremendous workload in countries like Japan, USA

❖ Disease : **INSENSITIVITY TO PROBLEMS**

Problems occur but the sensing of the problems or acknowledging them at the appropriate level does not. Not being aware of issues naturally means that problems are not dealt with, not analyzed and the necessary action is not taken to solve them.

Symptoms

- ◆ Complete lack of awareness of the problem.
- ◆ If a unit of the organization raises an issue, other units or the management deny the existence of the problem.
- ◆ Customers and vendors complain of unresolved or recurring problems.
- ◆ Feedback mechanisms are not appropriate.

Causes

- ◆ There is a kind of 'aristocratic' approach to management.
- ◆ Organizations, which are beyond their maturity phase, may develop insensitivity to everyday problems.
- ◆ Individuals may be moving very fast, either horizontally or vertically in a young, fast growing organization. By the time, they understand the job, they get promoted or moved to another position.

Origins

- ◆ *The genetic origin:* The founder has a kind of aristocratic style while creating the organization's structure and culture.
- ◆ *The birth-related origin:* Organizations which were in a monopolistic or favourable situation at the early stage and their top management was appointed through personal contacts, could develop this disease.
- ◆ *The environmental origin:* Can be similar to the birth related origin.

❖ Disease : **BUREAUCRACY**

Bureaucracy is the attitude of overriding compliance to hierarchy, which leads employees to want every action documented and authorized by higher levels,

as the defining character of the organizational culture.

Symptoms

- ◆ Customers external and internal are at the mercy of the bureaucracy.
- ◆ There is often only a corrupt way to solve problems.
- ◆ Individuals, who are responsible for developing procedures through regulations, have power.
- ◆ Only through special contracts and informal exchange of favours can things be arranged quickly.

Causes

Traditions and predictability have higher value in the organization's culture than creativity. The departments are often in a monopolistic situation. Strict following of the core competency framework could also be a main cause.

Origins

- ◆ *The genetic origin:* The founders believe in processes, rules and regulations more than in initiative
- ◆ *The birth-related origin:* The organization has been founded in stable and secure circumstances when speed or flexibility was not of great value.
- ◆ *The environmental origin:* The environment requires the organization to perform tedious reporting and administration

❖ Disease : **DECISION PARALYSIS**

Decision Paralysis means it takes too long to make decisions. By the time the decision is made, reality may well be shifted again. The decision, necessary in a particular context, is taken after the context has changed.

Symptoms

- ◆ Work is withheld by the lack of timely decisions from the authorities.
- ◆ Committees do not take deadlines seriously.
- ◆ Upper level management keeps most of the decisions to themselves.

- ◆ Though people have adequate information, they pass the decisions upwards to avoid responsibility.

Causes

- ◆ Lack of empowerment.
- ◆ Uncertainty about roles. It is unknown who is supposed to make the decision.
- ◆ It could result from uncoordinated activities. Due to the reason that coordination is not adequate, information flow is not proper and decision-making becomes too slow.

Origins

- ◆ *The genetic origin.* This comes from the character of the temperament of the founder.
- ◆ *The birth-related origin:* This is when at an early stage, the organization made an almost fatal bad decision. Since then, the culture becomes overly cautious, people try to avoid responsibility.
- ◆ *The environmental origin.* This could be when major changes involving the stakeholders of the organization result in uncertainty.

❖ Disease : **SUB-OPTIMIZING**

A widespread disease, it occurs when different parts of the organization lose sight of the whole and optimize the operation to their particular objectives.

Symptoms

- ◆ Departments work in isolation
- ◆ Cross-functional teams are a rarity.
- ◆ Employees do not rotate or move between departments because of mutual dislike of the departments.
- ◆ Employees fulfill their roles in their own boxes.

Causes

The cause of sub-optimizing could be that some departments have greater importance than others. In these core departments, obtaining resources is easier; the rewards are higher, than in the rest of the organization.

Origins

- ◆ *The genetic origin.* Founders or key executives believe more in competition than in cooperation
- ◆ *The birth-related origin:* Several small units or co-founders have funded the organization and they cannot harmonize their interests.
- ◆ *The environmental origin:* Where the broader culture of society is more individualistic and competitive, this self-centered behaviour is more prevalent in the organization's culture.

❖ Disease : **SELF-CENTERED LEADERSHIP**

This occurs when leaders begin to take personal advantages of their position. They promote themselves. They use the organization and their position to increase their self-esteem, feed their ego, build their career and enhance their own wealth and prestige rather than adding value to the organization.

Symptoms

- ◆ The leader continuously promotes himself / herself.
- ◆ There is lack of loyalty.
- ◆ There are unreasonably high salaries.
- ◆ In debates, boss is always right and people avoid contradicting their bosses

Causes

One of the reasons behind this disease maybe the belief that a leader should be strong and cannot be questioned or confronted. Managers, who believe in this feel that they cannot be questioned, confronted or be given honest feedback and hence they lose sight of reality of their self-image.

Origins

- ◆ *The genetic origin:* It lies in the personality of the leader itself, which can be the result of anxiety arising from the unconscious lack of trust in himself / herself

- ◆ *The birth-related origin:* Self-centered leadership develops out of centralization needed in a crisis at an early stage of an organization's cycle.
- ◆ *The environmental origin:* Depending on the historic moment and the culture of the country, a certain kind of person-centered leadership is seen as the relevant one, reinforced by media

❖ Disease : **SHORT SIGHTEDNESS**

Shortsightedness means that the organization has a short term focus. Such organizations say they are short of time. These is due to their not taking enough time to analyze the situation, learn from mistakes, decide on the direction and make a decision accordingly.

Symptoms

- ◆ Dealing with everyday issues takes up most of the energy of the organization.
- ◆ Top management spends most of its time identifying, checking and controlling specific and detailed objectives.
- ◆ The organization fails to assess long-term trends in the market.
- ◆ The organization tends to repeat its past mistakes.

Causes

- ◆ Strong external pressure on the organization for immediate results.

Origins

- ◆ *The genetic origin:* The founders of the organization have a more pragmatic, realistic approach to life, they are typically 'doers'.
- ◆ *The birth-related origin:* This could be because in an early stage of the organizational cycle came a group of 'doer' type of managers who took over most of the functioning of the company.
- ◆ *The environmental origin:* During unstable social circumstances, organizations tend to focus more on short term success and survival

❖ Disease : **LONG SIGHTEDNESS**

A long sighted organization focuses on the future, ignoring every day operations. It prefers to deal with strategies and visions but fails to give adequate attention to frequently occurring problems

Symptoms

- ◆ Significant resources are allocated to long-range planning, developing gigantic ideas and strategic ideas.
- ◆ New projects are launched but the organization loses interest and they remain incomplete.
- ◆ They favour departments like strategic planning or marketing.

Causes

- ◆ Substantial resources are available for the organization to develop and execute gigantic plans. Departments or managers are not held accountable for measurable, tangible results.

Origins

- ◆ *The genetic origin:* The founders have a long term view and like to deal with long-term view and like to deal with long-term issues.
- ◆ *The birth-related origin:* The organization was started with a substantial fund sufficient to mask the inefficiency of the operations
- ◆ *The environmental origin:* There is plenty of capital looking for investment opportunity in the market.

❖ Disease : **RISK AVOIDANCE**

In this kind of an organization, people are unwilling to experiment and take risks because they are afraid that they will fail and receive punishments. Fear of failure leads to avoiding challenges and experimenting.

Symptoms

- ◆ R&D is fine tuning previous models rather than coming up with new, creative ideas

- ◆ If people have a chance to prove that the new task is not a good idea they will certainly do so.
- ◆ Decisions on any issue, which is perceived as risky like investments are delayed or postponed.

Causes

More emphasis is laid on problems, negative feedback than on strengths and positive feedback. The top management focuses on managing the daily business rather than entrepreneurial

Origin

- ◆ *The genetic origin:* If founders fear that things may not work out, they want to ensure everything. This will result in planting a culture of risk avoidance
- ◆ *The birth-related origin:* At an early stage, this organization has bet wrong in a risky situation, which has fundamentally weakened the organization
- ◆ *The environmental origin:* When the broader society is typically risk avoiding, it creates a culture where people try to avoid being different.

❖ Disease · **INSUFFICIENT VALUE FOR CUSTOMERS**

An organization ailing from this disease has very few customers. Such an organization attaches very little value to what its customers think about it and regards the feedback from its customers as expressions of ignorance or lack of information on their part.

Symptoms

- ◆ An insignificant number of customers purchase the product or service.
- ◆ Marketing expenditure is comparatively lower than industry average
- ◆ Product development focuses on the idea, technology rather than understanding demand first.

Causes

- ◆ There is no demand for the product or service. It does not provide value and customers are unwilling to pay for it. There is only latent demand for the product.

Origins

- ♦ *The genetic origin:* In case of a start-up founders get stuck with the original idea, and are unable to modify it based on customer feedback.
- ♦ *The birth-related origin:* Developing the product captured such a significant portion of the resources that the functional expertise which could have evaluated customer concerns and needs never developed.
- ♦ *The environmental origin:* It is very easy to obtain the basic resources for the kind of activity the organization is pursuing and the environment is tolerant of the organization not meeting expectations.

❖ Disease : **STAGNATION**

Stagnation means that there is lack of development in the organization over time. The organization does not want to grow any further, or try out new things and only aims to maintain existence.

Symptoms

- ♦ Routine activities make up operations.
- ♦ Few innovations take place.
- ♦ Risk taking ability of the employees declines.
- ♦ There is low energy and people are tired of what they are doing.

Causes

There is a fear that growth is not manageable and managers feel that they can handle the present situation but nothing more than that.

Origin

- ♦ *The genetic origin:* The founder's ambition is limited and does not want too many problems.
- ♦ *The birth-related origin:* The immediate growth after being established caused a trauma for the organization and stability has become an overriding value.
- ♦ *The environmental origin:* The demand for the product or service is continuous and competition is not too strong.

❖ Disease : **TUNNEL VISION**

Here, the organization is unable to see what happens on the periphery of the field of vision. They focus too much on one or very few aspects of their business, while neglecting the rest.

Symptoms

- ◆ The organization is repeatedly surprised by events.
- ◆ Several stakeholders feel neglected
- ◆ The organization is not looking at the whole value chain or global competitive situation.

Causes

- ◆ *The genetic origin:* Founders were worried about their abilities of managing all opportunities in a defined environment.
- ◆ *The birth-related origin:* In the early stage, a specific area played a dominant role in the success of the organization.
- ◆ *The environmental origin:* The broader culture emphasis on specialization. Taking interest in too many activities is discouraged.

❖ Disease : **AGGRESSIVE APPROACH TO THE ENVIRONMENT**

Relationships with stakeholders may vary but the typical attitude towards the environment is that it is battlefield full of danger and threat. The organization has a wide range of troubles and conflicts with the different stakeholders in the environment.

Symptoms

- ◆ Regular visits to courts.
- ◆ Lack of strategic partners.
- ◆ Conflicts with tax agencies and other government agencies.
- ◆ The organization does not provide a chance for people to visit or take part in developmental activities.

Causes

The basic assumption about the environment is that a continuous win-lose game is going on with everybody out there.

Origins

- ♦ *The genetic origin:* If the founders themselves carry a strong competitive and aggressive attitude to the external world, this model will take root in the organizational culture
- ♦ *The birth-related origin:* In the early stage, the organization has experienced some significant losses resulting from aggressive, unfair behaviour from external stakeholders.
- ♦ *The environmental origin:* The general business scenario is very aggressive, violent and has low moral standards.

❖ Disease : **INSUFFICIENT INTERACTION WITH THE ENVIRONMENT**

The organization recognizes change in customer needs, structure, and technical discoveries too late. Sensors may be developed, but their voice is not heard in the organization. The organization does not optimize its interaction with the environment.

Symptoms

- ♦ Board meetings spend little time discussing what is going on in the environment.
- ♦ The management engagement calendar rarely includes attendance in conferences, visits with government officials.
- ♦ Improper work of outlet valves: used water, air, soil etc, pollute the environment.

Causes

- ♦ Management and leaders, whose function is to keep the contact with the environment, perceive this activity as not their priority and neglect their function.

Origins

- ♦ *The genetic origin:* The founder is too involved with the product/service and has little interest in the organization's environment.
- ♦ *The birth-related origin:* At the early stage, the organization has a secure, stable environment, a good position in the market without paying too much attention to the environment.
- ♦ *The environmental origin:* External stakeholders have a comparatively weak position in comparison with organization's power, so the organization can dictate terms to the environment.

CHARACTERISTICS OF A “HEALTHY” ORGANIZATION

1. **First and foremost, well-designed, healthy organizations use every bit of their available talent.** Everyone is fully engaged. People feel accountable for a part of the business and are in control of their business-within-a-business as empowered entrepreneurs. Entrepreneurs are customer focused because they clearly understand that they must earn their clients' business to survive. Naturally, they focus on delivering results (products) rather than performing tasks. Since they think like entrepreneurs in a competitive market, everybody always looks for efficiencies and new ways to satisfy their customers. And quality is a natural outcome because small groups of people are responsible for every aspect of producing specific products of the organization. Not only are people fully engaged, individually expressing their initiative and creativity as they work on a diversity of issues, but also people are well coordinated with one another.

2. **In healthy organizations, high-performance teamwork is a natural way of doing business.** Teams form spontaneously across organizational boundaries, because everybody is empowered to get the help they need from others. In this way, cross-boundary teams are self-forming without waiting for management to assign staff to projects. Since everybody knows just what help they need from other, teams involve just the right people at just the right time. Teams are not made of a fixed group for an entire project. Rather,

people join teams for specific periods of time to contribute specific deliverables. In this way, a healthy organization always deploys its talents in the optimal way. People ask others for help based on the unique needs of each project. The result: Processes are dynamic and tailored to the needs of each project, and everybody automatically plans the most efficient work flows. This approach to teamwork is much more powerful than appointing a few process owners who dis-empower others by telling them how to do their jobs and it is much more flexible than a single business process for every occasion. When seeking others' help, people contract for specific deliverables. This ensures that people within teams are clear about their respective accountabilities. Furthermore, the chain of command is well established, since everybody knows who their internal customers and suppliers are. Thus, there is no confusion about who's in charge. As a result of clear accountabilities for results and a clear chain of command, teams are self-managing. Also, contracting for specific deliverables means that team members manage their own pieces of the project. Managing large projects is much easier, since project-management responsibilities are distributed.

3. In healthy organizations high-performance teamwork is the normal way of doing business. In a healthy organization, altruism is not needed. When the signals that guide people's behaviour are well aligned, personal success is achieved precisely by doing what's best for clients and the organization as a whole. That includes working with others in the organization that brings unique skills and resources to the team. With all its talent employed in a coordinated manner, healthy organizations achieve a dynamic balance among the various paradoxical objectives. Different perspectives take precedence at different times, as situations warrant. For example, a well-established product line may require operational stability with continual, but marginal, product improvements. Operations may take the lead as the entrepreneurship that produces this particular product, and it subcontracts to designers for help with improvements. On the other hand, a new product requires a flexible, inventive team. For this situation, designers may be in charge, while operations serve as their subcontractor

4. Healthy organizations are quick to adjust to changing client requirements and business strategies due to a high degree of customer focus and flexible processes, by eliciting the best performance from every one of its members while coordinating their work, healthy organizations continually work at peak performance, continually adapt to a changing world, and continually organizations build conflicts into the very fabric of the work environment. They are filled with untenable jobs, fail to align people's efforts with clients' waste significant management time resolving internal political issues, and burn people out.

It's not that Organizational Health is an executive's only concern. Certainly every executive faces problems, which are the result of causes other than organizational design, such as poor business strategies, inadequate resources and technologies, or incapable people.

But insightful strategies, adequate resources, innovative technologies, and great people do little good in unhealthy organizations. If dysfunctions are built into an organizational environment, other remedial actions will have little effect, since capable people may not put the remedies to good use.

As organization named '**Insight Out**' a consultancy has detected 15 signs of a Healthy organization

1. Customers, investors, and talent are attracted to the company and stay with it.
2. Action is focused where it will make the most difference with the fewest resources.
- 3 Precedence is given to doing the right thing before doing things right.
4. Decisions are acted on willingly.
- 5 Less time lost due to sickness and grievances.
6. Leadership talent is developed throughout the system
7. Customers and employees can see what matters most to them in the company decisions.
8. Readiness to "raise the bar" on individual, team, and system performance.

9. Actions and risk-taking are aligned with the company's strategic direction and guided by its values.
10. People understand how their function adds value to the customer and the investor, and connects with other parts of the system
11. People get the support they need to deal with the losses and gains of change, and to position them to move forward successfully.
12. Initiative amongst employees to resolve issues and conflicts on their own.
13. Truthful, fearless and blameless sharing of information on what is working and what needs changing
14. The diverse contributions of people are valued and recognized.
15. Things that went well are celebrated, things that didn't work as planned are valued and used for learning.

Patrick Lencioni, the author of *The Five Temptations of a CEO*, *Obsessions of an Extraordinary Executive*, and *The Five Dysfunctions of a Team*; claims that most companies have enough organizational intelligence, intellectual property and human capital to succeed, but ultimately fail to leverage those assets because they lack 'organizational health',

He defines a healthy organization as one '**where internal confusion and politics are minimized and an atmosphere of clarity and employee productivity can flourish**'.

ORGANIZATIONAL HEALTH PROCESS

Organizational Commitment: Without it there will be little benefit. Within a business entity the most senior management team must be committed to the process and willing to take the necessary steps.

Organizational Health Vision: Define the outcome sought. This requires active participation from management and provides the overarching purpose and definition of how their organization in full health would be described.

Organizational Health Plan: Define the plan for moving forward, developing the holistic wellness programme for the organization, and bridging the gap between the health check and the health vision.

Organizational Health Implementation: Implementing the plan and monitoring progress to assure the plan achieves the desired results.

Organizational Health Monitoring: Ensure the plan works as expected with variations identified and addressed and any threats and opportunities at variance with the plan are effectively responded to.

HOW ORGANIZATIONAL HEALTH HELPS AN ORGANIZATION

The promotion of Organizational Health by an organization helps in.

1. Identifying and monitoring employees' stress level, eliminate negative stress and convert positive stress into energy for peak performance.
2. Improving employees' satisfaction by helping them in advancing their careers and to achieve their personal as well as the organization's goals.
3. Developing leaders and helping those in leadership roles to continue in referring their knowledge and skills.
4. Providing health promotion programme which helps in maintaining a healthier, more productive workforce.
5. Monitoring employees' emotional health, identifying problems early and obtaining the help that is needed quickly, to rectify it
6. Reducing workplace conflict by assisting employees to foster good relationships with other employees and with those in the community
7. Identifying and guiding employees in developing their skills needed for optimum performance in work.

EN ROUTE TO ORGANIZATIONAL HEALTH

While embarking on the Organizational Health journey, an organization must

- ◆ **Establish** a clear vision of where it wants to be in the future.

- ♦ **Recognize** the weaknesses and strengths it has across each of the four aspects.
- ♦ **Identify** the mechanisms used when facing a crisis that place the organization into a fire fighting state and undermine any strategic vision it may hold.
- ♦ **Confront** its traditional approaches for dealing with the uncertainty, confusion and fear of its people.
- ♦ **Accept** that leadership is responsible for the values, beliefs, rituals and behaviours of the organization.
- ♦ **Prepare** to change, leadership first

The benefits to the organization of this process include:

- ♦ **Organizational self-awareness** – knowing what is functioning, what isn't and how to balance priorities, resources and time to respond to emerging issues.
- ♦ **Clarity** across all stakeholders regarding the purpose and mission of the organization.
- ♦ **Integration** of resources and channeling of them to pursue organizational objectives and / or to deal effectively with issues that may arise.
- ♦ **Increased** capacity to listen to and comprehend the messages within the organization.

JOYFUL ORGANIZATION

Nandkarni and Lovey in their book 'The Joyful Organization' (2003) described that an organization which satisfies the health criteria in all dimensions to a certain high degree concurrently, and where members believe in a common vision, a transcendent purpose, which is important for them as individuals, the conditions exist for experiencing joy from work on a more frequent basis. Members can focus their energies on performing their tasks and they do so in

a devoted way, which in turn increases their self-respect. The feeling of success and joy can then be experienced through everyday work.

Joy, here is the function of organizational health and leadership. It is clear the healthy organizations within a healthy society satisfy all sorts of human needs of their members as well as their needs of the customers and the organization. Health is a basic precondition for joy. If a person is not healthy, then he/she is preoccupied with that dysfunction and is not able to experience joy. Joy translates into an inner experience that simply contributed to feeling alive that makes life worthwhile. Experiencing joy directly leads to great efficiency, as well as the feeling of liberty and self-fulfillment

Internalized purpose and voluntary involvement are preconditions for a joyful organization. Here, this is total commitment towards the completion of the task in hand. Servicing internalized rather than externally forced goals reinforces the sense of self and brings the factor of joy into the organization. Self-awareness and determination are not just the key people's capacity to experience joy but are the most important factors in creating a joyful organization. In performing every task, people possess a variety of goals. The first goal is usually to do work ending in a result. The second goal, is given the result, to get compensation for doing it. The third goal is that after reaching a certain result, to get a promotion. Most people have these goals. If each goal is seen as a means to the next goal, then the chances of experiencing joy are highly unlikely and the people begin to feel stressed. When joy comes from the work itself, people immerse themselves in it and focus on realizing their vision, and not achieving the above mentioned goals. If it is considered legitimate to experience joy from work, the physical and social surroundings create an ambience for joy and efforts are aimed to enrich work, that place is likely to become a joyful organization.

Thus, Organizational Health can be inferred to as a state where an organization has achieved the three fundamental objectives of customer

needs, employee needs and economic needs of the organization in a balanced way over time

Customers have needs, and having consumed goods or services they evaluate their level of satisfaction. The market and its regulations in general: owners and shareholders in specific, define the standards of satisfying the economic needs of an organization. The social environment and the employees themselves define their expectations and the level of satisfaction they get from working in the organization. To satisfy the health criterion of balancing the fundamental objectives, an organization should develop systems, procedures and culture which make it possible to harmoniously satisfy all three objectives.

JOB SATISFACTION AND ORGANIZATIONAL HEALTH

Job Satisfaction is one of the various methods used by management for measuring employee attitude and opinions for obtaining some impression of them. It is often observed that work situations in which employees are comfortable and satisfied, such organization have high scope for individual advancement and growth.

A person with a high level of Job Satisfaction holds positive attitudes towards the job, while a person who is dissatisfied with his or her job holds negative attitudes about the job.

DEFINITION

- Vroom (1962) has defined Job Satisfaction as 'the positive orientation of an individual towards work role which he is presently holding'.
- Locke gives a comprehensive definition of Job Satisfaction as "a pleasurable or a positive emotional state resulting from the appraisal of one's job or job experience." Job Satisfaction is a result of employees'

perception of how well their job provides those things, which are viewed as important and frequently studied attitude.

- According to Guinness: "Job satisfaction or dissatisfaction is the result of various attitudes, the person holds towards his job, towards related factors and towards life in general."

There are three important dimensions to job satisfaction. First, job satisfaction is an emotional response to a job situation. As such, it cannot be seen; it can only be inferred. Second, job satisfaction is often determined by how well outcomes meet or exceed expectations. Third, job satisfaction represents several related attitudes.

- Smith, Kendall, and Hulin have suggested that there are five job dimensions that represent the most important characteristics of a job about which people have effective responses. These are:
 1. The work itself – the extent to which the job provides the individual with interesting tasks, opportunities for learning, and the chance to accept responsibility.
 2. Pay - the amount of financial remuneration that is received and the degree to which this is equitable vis-à-vis others in the organization.
 3. Promotion opportunities – the chance for advancement in the hierarchy.
 4. Supervision – the abilities of the superior to provide technical assistance and behavioral support.
 5. Co-workers - the degree to which fellow workers are technical proficient and socially supportive.
- According to Pastonjee, 'Job Satisfaction can be taken as a summation of employees feelings in four important areas'. These areas are:
 1. **Job:** - Nature of work – dull, dangerous, fellow workers, physical environment, machines and tool etc
 2. **Management:** - Supervisory treatment, participation, rewards and punishments praise and blames, etc.
 3. **Social relation:** - Friend and associated, neighbour, participation in social activities, etc.

4. **Personal adjustment:** - Health, emotionally, home and living conditions, finance, relation with family members, etc.

HOW EMPLOYEES CAN EXPRESS DISSATISFACTION

Employee dissatisfaction can be expressed in a number of ways. For example, rather than quit, employees can complain, be insubordinate, steal organizational property, or shirk a part of their work responsibilities. The four responses shown by employees that differ from one another along two dimensions: constructiveness / destructiveness and activity / passivity. They are defined as follows:

Exit: Behaviour directed towards leaving the organization, including looking for a new position as well as resigning.

Voice: Actively and constructively attempting to improve conditions, including suggesting improvements, discussing problems with superiors and some forms of union activity.

Loyalty: Passively but optimistically waiting for conditions to improve, including speaking up for the organization in the face of external criticism and trusting the organization and its management to "do the right thing"

Neglect: Passively allowing conditions to worsen, including chronic absenteeism or lateness, reduced effort and increased error rate

Exit and Neglect behaviours encompass our performance variable – productivity, absenteeism and turnover. But this model expands employee response to include voice and loyalty – constructive behaviours that allow individuals to tolerate unpleasant situations, such as those sometimes found among unionized workers, in which low Job Satisfaction is coupled with low turnover. Union members often express dissatisfaction through the grievance procedure or through formal contract negotiations. These voice mechanisms allow the union members to continue in their jobs while convincing themselves that they are acting to improve the situation.

SOURCES OF JOB SATISFACTION

Several studies have been conducted on Job Satisfaction and employees' morale revealed that certain variables are consistently correlated with Job Satisfaction. These factors have been grouped into four identifiable categories.

1. Organizational Factors:

Under organizational factor there are three sources of Job Satisfaction i.e. salaries and wages, promotions and organizations policies.

(a) Salaries and Wages:-

Salaries and wages play an important role in determining the level of Job Satisfaction irrespective of the level of position that an employee holds in the organization. Pay is another factor since it satisfied the first level need of Maslow's model of motivation. Pay is considered to be symbol of achievement since higher pay reflects a higher degree of contribution towards organizational operations and welfare.

(b) Promotions:-

Promotional opportunities are considered to be an important source of Job Satisfaction; especially at higher level jobs, because a promotion indicates an employee's worth in the organization which is highly morale boosting

(c) Organizations Policies:-

Organization structure and policies play an important role in establishing an environment which is conducive to Job Satisfaction. Policies govern employees' behaviour and depending upon how strict or liberal policies are, can generate positive or negative feeling about the organization.

2. Work Environment:

The work environment in the organization is another important factor for the Job Satisfaction. Here, supervising style; work group and working conditions are important component of work environment.

(a) Supervisory Style :-

It is established that satisfied employees themselves create a social environment at work whose supervisors are more considerate of employees.

(b) Work Group:-

The group size and the quality of interpersonal relations within the group play a significant role in employee's happiness. Work group also serves as a social, moral and emotional support system for the employee.

(c) Working Conditions:-

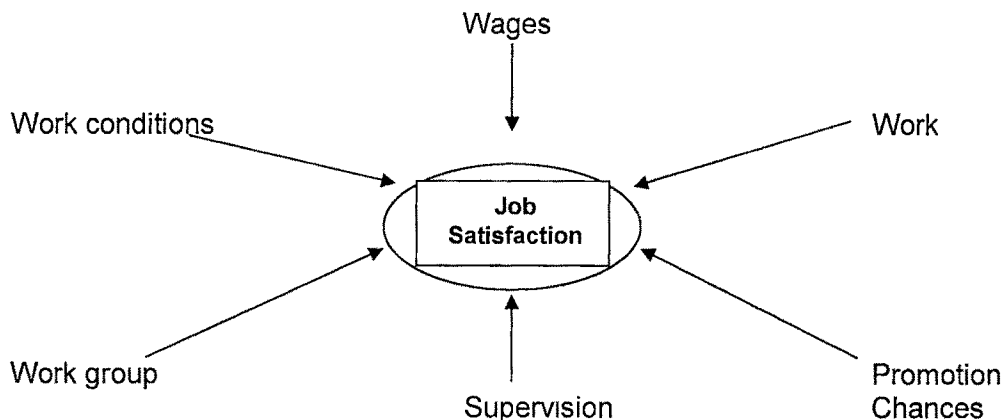
Proper working conditions are highly desirable because they lend to great physical comfort. If the working conditions and infrastructure are conducive, the Job Satisfaction will be high.

3. Work Itself :

The job content has two aspects, 'job scope' and 'job variety' The job scope involves the responsibility, work place, etc. The higher the level of these factors, the higher the job scope and thus higher the level of satisfaction. The job variety is an important factor which is most effective, lack of autonomy and freedom over work methods and work pace creates a sense of helplessness.

4. Personal Factors:

The personal factors play an important role. Age, seniority and tenure have considerable influence on Job Satisfaction; therefore it is necessary to take care of below mentioned components.



Above figure depicts source of Job Satisfaction. If the managers are to derive high Job Satisfaction then organization must take care of working conditions, wages, work and type of work, work group, supervision and promotion chances, etc. Today managers are interested in better working conditions with

proper facilities and opportunity to contribute innovatively. They are interested in monetary rewards and incentives. They see work and type of work, if it is innovative which provide of their choice then they will work with all efficiency which provides them Job Satisfaction. They also look into work group with whom they are going to work. It is said that peer group and colleagues are important in getting Job Satisfaction. The people will get more Job Satisfaction if the supervision process is positive, supportive and guiding. The very important source of Job Satisfaction is promotion and career advancement.

Job Satisfaction is one of the methods used by organization for either measuring employee attitude or opinions for obtaining some impressions of them. It seems that work situations which people find most satisfying are almost invariably those, which provide opportunity for achievement, interesting and challenging work, genuine responsibility and scope for the individual advancement and growth.

Job Satisfaction leads to higher productivity reducing absenteeism, turnover and more profit. Job Satisfaction is an imperial factor contributing to a better performance of the worker which has implications on the quality of work.

Thus, it can be concluded that Job Satisfaction directly leads to “satisfying the needs of the members (employees)” of the organization; which is one of the health criteria. Whereas, it is indirectly related to another “health” criteria; i.e. “satisfying the economic needs” of the organization.

ORGANIZATIONAL EFFECTIVENESS AND ORGANIZATIONAL HEALTH

For any organization to ensure its survival, growth and sustainability, Organizational Effectiveness is the key. For, Organizational Effectiveness allows organizations to realize their vision while building their resilience and strength in the process, even in the midst of tough and sometimes threatening environment.

Organizational Effectiveness is “the ability of an organization to fulfill its vision through a blend of sound management, strong governance and persistent rededication to achieving results”.

CONCEPT

Organizational Effectiveness reflects how effectively the organization can discharge its obligations with respect to all its constituencies including employees, shareholders, customers, suppliers, government agencies and the general public. The growth, development, motivation, morale and satisfaction of the employees in the system combine with the good image projection of the organization to the society.

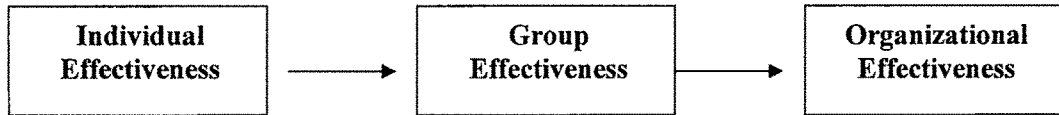
DEFINITION

David J Lawless (1979) pointed that an organization may be considered as effective which succeeds in achieving the desired objectives with efficiency in a given environment setting. This can be analyzed as following elements:

- 1 Every organization is concerned with achieving its goals / objectives. Short term and long term, both these objectives are interdependent
2. Efficiency is concerned with eliminating all types of wastages in man, material, machines, methods and money. Hence, efficiency is

unattainable unless a proper semblance between means (process) and ends (outcomes) is established within the organization.

PERSPECTIVES ON EFFECTIVENESS



Three different perspectives of Effectiveness-

Individual Effectiveness: Concentrates on task performance of the individual employees. Their performance is routinely assessed through evaluation techniques that become the basis for pay rise, promotion, reward, etc.

Group Effectiveness: Individuals collectively form a group. Individuals cannot work in isolation in an organization. They work in groups / teams. Therefore Individual Effectiveness makes Group Effectiveness.

Organizational Effectiveness: Organization consists of individual employees and groups. Organizational Effectiveness consists of both Individual Effectiveness and Group Effectiveness.

But Organizational Effectiveness is equal to or greater than the sum of Individual Effectiveness and Group Effectiveness. Through synergistic efforts, organizations are able to obtain higher performance than the sum of their parts.

The relationship among the different perspectives varies depending on the type of organization, the task and level of technology used. Organizational Effectiveness is the result of a blend of number of variables; i.e. technology, environment constraints, personal competence of employee, innovative abilities of managers, etc.

DIMENSIONS OF ORGANIZATIONAL EFFECTIVENESS

Following are the dimensions of Organizational Effectiveness.

1. **CONSENSUS:** This refers to uniformity in perception and attitude of employees
2. **LEGITIMIZATION:** This measures acceptance by the subordinate of their supervisor's right to exercise control.
3. **NEED FOR INDEPENDENCE:** A quality of a person which makes him to think independently about his job problem and act according to his own judgment and evaluations without much of supervisor's interaction.
4. **SELF-CONTROL:** It refers to member-felt responsibility towards the job without managerial control.
5. **JOB INVOLVEMENT:** It means the degree to which a person is identified psychologically with his work or the importance of work in his total self-image.
6. **INNOVATION:** It is a measure of how often the respondent comes up with new creative ideas to deal with the job, without anyone's help.
7. **ORGANIZATIONAL COMMITMENT:** It is a measure to know how much the respondent cares for the prosperity of the organization and how much he is willing to work for his goal.
8. **ORGANIZATIONAL ATTACHMENT:** It refers to the extent to which the respondent has attachment towards the organization
9. **JOB SATISFACTION.** It refers to prevalent positive attitude towards various aspects of job, work as a whole and organization as a whole.

COMPONENTS OF ORGANIZATIONAL EFFECTIVENESS

The following factors influence effectiveness:

- 1) Personal Effectiveness
- 2) Managerial Effectiveness
- 3) Organizational Effectiveness

- 4) Environmental Characteristics
- 5) Employee Characteristics
- 6) Managerial Policies and Practices

1. **PERSONAL EFFECTIVENESS:-**

Understanding oneself alone does not make a person effective – Personal Effectiveness must be viewed across three dimensions – Openness, perceptiveness and communication. All these three are significant dimensions in interpersonal relationships.

2. **MANAGERIAL EFFECTIVENESS:**

People respond to the high expectations of their managers with high performance it can be called 'Effective Style'. Managers may be in a better position to initiate change in a situation that has been spreading downward. The role of manager is extremely important. Managers are responsible for making their people "Winners."

3. **ORGANIZATIONAL CHARACTERISTICS:-**

Organization structure influences Organizational Effectiveness. It is generally observed that structure in terms of functional specialization, size, centralization of decision making and even formalization is likely to affect productivity and efficiency.

4. **ENVIRONMENTAL CHARACTERISTICS:-**

The organization has to be responsive to the changes in the environment. The effectiveness of environmental characteristics depends on critical factors:

1. The accuracy with which the environmental factors are forecast.
2. Pragmatism enshrined in organization system.

The external environment concentrates largely on market, legal and technological medium which has a direct bearing as factor supply and distribution of goods. The internal environment is deeply influenced by psychosocial factors which determine personal responses to organization's expectations.

5. **EMPLOYEE CHARACTERISTICS:-**

Employees should believe that achievement of organizational goals fulfils the achievement of individual goals. Efforts should be made to forge integration

between individual and organizational goals. Employees and organization should be prepared to adopt a flexible attitude in the larger interest of the organization and society.

6. **MANAGERIAL POLICIES AND PROGRAMMES:-**

Managerial policies and practices are also related to effectiveness of organization. Among these policies and practices mention may be made of

1. Strategic goal setting
2. Resources acquisition and utilization
3. Performance environment
4. Leadership and decision making
5. Organization adaptation and innovation.

An organization which satisfies its financial needs, employee needs and customer needs, at the same time is concerned about its growth and development and is sensitive towards the changes in the environment is considered as "Healthy".

Organizational Effectiveness is reflected in how well the organization is equipped to handle its survival function through successful coping and its growth in future adaptive strategies. In other words, Organizational Effectiveness is related to achieving its objectives, maintaining itself internally and adapting to external environment.

The dimensions and components of Organizational Effectiveness focus on few of the Organizational Health criteria i.e. "satisfying the needs of its members (employees)", "growth and development" and "living in harmony with the environment".

It can be thus summarized that Organizational Effectiveness adds value to the organization by encouraging its members to draw from the best of what is happening in their organization and contribute towards achieving the overall health of the organization.

ORGANIZATIONAL COMMITMENT AND ORGANIZATIONAL HEALTH



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MEANING

Organizational Commitment refers to attachment and loyalty. As defined by Porter et al (1974), commitment is the relative strength of the individual's identification with, and involvement in, a particular organization. It consists of these three factors :

1. A strong desire to remain a member of a particular organization;
2. A willingness to exert high levels of effort on behalf of the organization and
3. A definite belief in, and acceptance of, the values and goals of the organization.

In other words, this is an attitude reflecting employee's loyalty to their organization and is an ongoing process through which organizational participants express their concern for the organization and its continued success and well-being.

"The degree to which an employee identifies with a particular organization and its goals and wishes to maintain membership in the organization." Blau and Boal (1980)

"... the psychological attachment felt by the person for the organization; it will reflect the degree to which the individual internalizes or adopts characteristics or perspectives of the organization." O'Reilly & Chatman (1986)

From the definitions, Organizational Commitment can be characterized by atleast three factors-

- a) A strong belief in and acceptance of organization's goals.

- b) A willingness to exert considerable effort on behalf of the organization
- c) A strong desire to maintain relationship in the organization.

FORMS OF ORGANIZATIONAL COMMITMENT

O'Reilly and Chatman's Model:

O'Reilly and Chatman (1986), developed their multidimensional framework based on the assumption that commitment represents an attitude toward the organization, and that there are various mechanisms through which attitudes can develop. Based on Kelman's (1958) work on attitude and behaviour change, O'Reilly and Chatman argued that commitment takes on three forms:

Compliance · "Instrumental involvement for specific extrinsic rewards." This occurs when attitudes and corresponding behaviours are adopted in order to gain specific rewards

Identification: "Attachment based on a desire for affiliation with the organization " This occurs when an individual accepts influence to establish or maintain a satisfying relationship.

Internalization: "Involvement predicted on congruence between individual and organizational values " This occurs when influence is accepted because the attitudes and behaviours one is being encouraged to adopt are congruent with existing values

Meyer and Allen's three component model:

Meyer and Allen (Allen and Meyer, 1990; Meyer and Allen, 1984, 1991) developed their three component model from an identification of common themes in the conceptualization of commitment from existing literature. Common to all conceptualizations, they argued, was the belief that

commitment binds an individual to an organization and thereby reduces the likelihood of turnover. The key difference is in the mindsets presumed to characterize the commitment. The mindsets reflected three distinguishable themes:

Affective attachment to the organization, labeled affective commitment.

Perceived cost of leaving, labeled continuance commitment.

Obligation to remain at the organization, labeled normative commitment.

Meyer and Allen (1991) noted that Organizational Commitment is “the view that commitment is a psychological state that (a) characterizes the relationship with the organization, and (b) has implication for the decision to continue membership with the organization.” They describe these three components as effective, continuance and normative.

1. **Affective Commitment** involves the employee’s **emotional attachment to, identification with, and involvement in the organization**. In this case, an individual strongly identifies with the goals of the organization and desires to remain a part of the organization. This is the ideal ‘happy’ state for an individual.

2. **Continuance Commitment** involves commitment based on the costs that the employees associate with leaving the organization. This may be because of the **loss of seniority for promotion or benefits**. The individual remains with an organization because of a perceived loss of sunken costs. The individual believes that he / she has invested a great deal of effort / time and has to remain in the organization.

3. **Normative Commitment** involves **employee’s feelings of obligation to stay with organization because they should**; it is the right thing to do.

SIX MANAGEMENT FACTORS RESPONSIBLE FOR ORGANIZATIONAL COMMITMENT

The management factors responsible for developing employee Organizational Commitment, presented in decreasing order of importance are :

1. Perception that the employee is treated with respect and consideration by the organization
2. Perception that the organization is highly concerned with quality and customer service
3. Clearly defined job responsibilities
4. A stimulating job
5. Quality of information given to employees on the company's plans and activities
6. Perception of administrative effectiveness

1. RESPECT AND CONSIDERATION

Employee perception of respect and consideration has a critical impact on Organizational Commitment, consequently, it is impossible to develop a high level of Organizational Commitment and motivation if employees do not feel that they are being treated with respect and consideration and do not feel that they are valued or appreciated by their supervisors and the company which employs them.

2 QUALITY CUSTOMER SERVICE

How employees perceive what level of importance their company places on the quality of their products or services and customer service also strongly influences the level of commitment they will have towards the company.

3. JOB CLARITY

A clear understanding of the work to be done has a significant and positive affect on developing Organizational Commitment

4 STIMULATING JOB

A job that allows the employee to use his/her aptitudes, professional knowledge and judgment significantly contributes to the employee's commitment to the organization.

5. COMPANY INFORMATION

Information on the company's plans, activities, accomplishments and financial performance is also seen to contribute significantly to employee Organizational Commitment

6. ADMINISTRATIVE EFFECTIVENESS

Organizational Commitment is finally affected by the employee's perception of how well the company is managing its resources. Moreover, a company concerned about controlling its costs and increasing productivity is more likely to have employees that identify with it, than companies that are loosely managed.

FACTORS INFLUENCING COMMITMENT

1. Job Characteristics:

Commitment tends to be greater when people have high levels of responsibilities over the jobs they perform and ample opportunities for promotion. Similarly, Organizational Commitment tends to be high among individuals whose jobs are highly enriched

2. Nature of Rewards:

An employee's commitment is also likely to be influenced by the nature of rewards he or she receives. E.g. Feelings of commitment are enhanced by the use of a profit sharing plan (an insensitive plan in which employees receive bonuses in proportion to company's profitability), particularly when employees believe the plan is administered for their benefits.

3. Alternative Employment Opportunities:

Organizational Commitment is affected by the existence of alternative employment opportunities. The greater the perceived enhances of finding another job, the lower an individual's commitment tends to be.

4. Treatment of Newcomers:

Organizations can do various things to help new employees learn the ropes and become productive members of their organization. Such treatment also influences Organizational Commitment.

5. Personal Characteristics:

People who have more tenure with their organization are more highly committed to them than those who have been employed for shorter periods of time.

MAJOR EFFECTS OF ORGANIZATIONAL COMMITMENT

People who feel deeply committed to their organizations will behave differently from those who do not. Organizational Commitment greatly affects several key aspects of work behaviour.

1. It has been found that high level of Organizational Commitment tend to be associated with low levels of absenteeism and voluntary turnover. More committed individuals are less likely to look for new jobs than less committed ones.
2. Organizational Commitment is associated with high levels of willingness to share and make sacrifices.
3. Organizational Commitment has positive personal consequences. Those who are most strongly attached to their organizations tended to enjoy highly successful careers and pleasant lives.

In light of the new environment that includes downsizing, telecommunicating, mergers and acquisitions and globalization, Organizational Commitment has surfaced a very important topic of study of research.

According to the Management factors responsible for Organizational Commitment; organization in which employees perceive that they are treated with respect and consideration and that their organization is highly concerned with quality and customer service, there employees are more committed towards the organization. Leadership and organization values also play an important role in developing Organizational Commitment. This factor coincides with the Organizational Health parameters of satisfying the needs of its members (employees) and of its customers.

Managers need to establish the type of caring, spirited work place that will ignite employee commitment and finally add to the element of "Joy" in the organization.

Organizations are not mere bricks, machineries or inventories. They are people. It is people who staff and manage organization. After all it is individuals who make an organization. The destiny of an organization is decided by the direction in which it goes and the purposes of its deeds. And individual are behind these purposes and actions. The value addition and committed an organization is in its action, so would be its long term sustainability. Therefore, the contribution of individuals, group and teams towards the organization in the term of effectiveness of an organization must result in betterment of services to customers in the form of high quality products supplied at reasonable costs. Hence, the contribution of individual, groups and teams towards the organization in the term of effectiveness is an important aspect of study.

Most of the organizations are facing the problems like retaining the employees and low productivity; it becomes very important to study the various factors which offer the Organizational Effectiveness as well as increases motivation and morale of the employees. Organization should foster commitment from individuals to the success of the company through a quality orientation in their performance and that of the whole organization. They should create conditions in which innovation, team working and total quality can flourish.

Organization should encourage willingness to operate flexibility in the interest of the adaptive organization and pursuit of excellence. The fact that satisfied employees can contribute more productively to the organizations development. Organizational Effectiveness adds value to organization by encouraging leaders to draw from the best of what is happening in their organization to generate momentum for change. Organizational Commitment enhances performance and Organizational Effectiveness. It is important for organization to know the fact that satisfied and committed employees can contribute more productively to the organization's development. Hence, it is important for organization to know the linkages between Organizational Effectiveness, Job Satisfaction and Organizational Commitment, so that a healthy organization can be created where employees feel the presence of element of "Joy".