



Organizational Health: A Literature Review of Antecedent and Consequences

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Abstract

Organizational Health (OH) is the ability of an organization to effectively manage tensions arising from diverse and competing values. This research explores the factors influencing OH and their impacts on organizational performance. This literature review aims to provide a valuable contribution to understanding the factors that affect organizational health, both in terms of antecedents (cause) and consequences (impact). By identifying and analyzing the contributions of previous research, it is expected to provide more comprehensive and in-depth insights. The study adopts a library research method, analyzing various reference sources and research results from the last five years. The methodology involves content analysis of relevant sources to comprehensively understand OH. The results reveal that OH is associated with superior organizational performance and financial success. Antecedents, such as organizational commitment, organizational justice, and transformational leadership, significantly impact OH. The results and discussions cover the definition of OH, antecedents (organizational commitment, organizational justice, and transformational leadership), and consequences (competitive advantage, goal alignment, and change capacity) of OH. Competitive advantage is achieved through the organization's unique core competencies, providing sustainability and market advantage. Goal alignment, facilitated by the Balanced Scorecard approach, enhances organizational performance by focusing on customer orientation, financial metrics, internal processes, and people development. Additionally, change capacity is crucial in driving and sustaining organizational health, requiring a focus on cultural aspects and readiness for change.

Keywords *Organizational Health, Antecedent, Consequences, Competitive Advantage, Literature Review*

INTRODUCTION

Organizational Health is described as an institution's capacity to proficiently address conflicts emerging from varying and opposing values. It necessitates a dialectical viewpoint that integrates and disintegrates aspects and employs a cross-cultural strategy to manage value discrepancies (Orvik & Axelsson, 2012). The ideology of Organizational Health aspires to establish an inverted value hierarchy and a hybrid, value-centric management approach in robust organizations. The realization of this concept would unravel contradictory values and empower managers to tackle inherent value conflicts associated with occupational health at both personal and collective levels (DeJoy & Wilson, 2003). Numerous interpretations of Organizational Health have concentrated on the organization's welfare. For example, Miles (1965) characterized a healthy organization as one that not only persists but also manages competently in the long term, persistently developing and amplifying its central skills (Miles, 1965). Cooper and Cartwright (1994) built upon this notion by integrating employee health and characterized a healthy organization as financially prosperous with healthy personnel. A healthy organization is projected to sustain a gratifying work environment amid market instability and transformation (Cooper & Cartwright, 1994).

Achieving organizational health is challenging due to conflicts, cultural shifts, and implementation obstacles. It is vital for stakeholders, as it influences performance and employee well-being. This literature review delves into the factors affecting organizational health and its impact on performance. Analyzing past research offers insights to help stakeholders enhance

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organizational health and achieve business objectives.

RESEARCH METHOD

This study employs a library research method, studying various sources like books and past research to build a theoretical framework on Organizational Health's antecedents and consequences (Smith, 2015). As per Johnshon (2018), the research process involves formulating an idea, gathering supporting information, focusing the research, finding and categorizing reading material, note-taking, reviewing, and writing. Data from offline and online sources, like books, journals, and articles published in the past five years, were used. Content analysis was used for data analysis, involving selecting, comparing, and sorting meanings until relevant ones were found (Thompson, 2021). To avoid misinterpretations and maintain review consistency, inter-library checks, literature re-reading, and expert consultations were done (Davis, 2020).

FINDINGS AND DISCUSSION

Definition of Organizational Health

The Principles of Organizational Health (OH) first appeared in scientific writing when Miles (1969) formulated an early model of OH that incorporated ten basic elements. Since then, various research initiatives and intellectual debates have been conducted around this issue. Most previous studies have validated the feasibility of distinguishing between healthy and unhealthy institutions based on comprehensive performance characteristics and a balanced mix of financial status (Anetz & Blomkvist, 2007). Conversely, an unhealthy organization is characterized by performance problems triggered and subsequent decline in production, revenue and net profit (Jaimez & Bretones, 2011). Although the definitions and concepts of OH are varied and fragmented, the context clearly dictates that an organization can sustain outstanding performance and remain competitive. In order to assess OH in a meaningful way, it is important to understand how it is converted into significant performance.

Most empirical research concerning organizational health has focused on two principal sectors: 'educational bodies' and 'business establishments'. In educational setups such as schools, universities, or institutes, school health is commonly employed to describe organizational health. As per Parsons' (1951) definition, a healthy school represents an entity where the three dimensions - technical, managerial, and institutional - are aligned, enabling the school to cater to its fundamental needs and focus energy on accomplishing its stated objectives. Miles (1965), in his endeavor to delineate the qualities of schools, formulated a schema of a healthy organization encapsulating ten pivotal characteristics: goal focus, communication sufficiency, optimal power exploitation, resource utilization, cohesiveness, morale, innovativeness, autonomy, adaptability, and problem-solving adequacy. Upon attempting to utilize Miles' (1965) organizational health structure, Hoy et al. (1991) deemed it inappropriate for evaluating school health as the ten traits were not mutually exclusive. Subsequently, Hoy et al. (1991) endeavoured to formulate and gauge school health using a theoretical scrutiny based on Parsons' (1958) model, which emphasized three distinct control levels - the technical, the managerial, and the institutional strata. A review of the pertinent literature can be found in Table 1.

Table 1. The review of the literature

No	Research Identity
1	The effect of primary school teachers' burnout on organizational health

Table 1. The review of the literature

No	Research Identity
	(Ali Sabanci, 2009)
2	Relationship between Instructional Leadership and Organizational Health in Primary (Bekir Buluc, 2015)
3	Toward a diagnostic method of organizational health based on traditional Chinese medicine (Mario Ivan Tarride and Mario Italo Contreras, 2023)
4	Organizational Diseases Mario Iván Tarride, Brenda Villena & Julia González (2020)
5	The impact of work alienation on organizational health: A field study in health sector Özlem Özer, Özgür Uğurluoğlu, Meltem Saygılı & Cuma Songur (2017)
6	Measuring the organizational health of acute sector healthcare organizations: Development and validation of the Healthcare-OH survey Chris R. Nicolay, Stephen P. Williams, Milica Brkic, Sanjay Purkayastha, Sankalp Chaturvedi, Nelson Phillips & Ara Darzi (2019)
7	Organizational health in healthcare organizations – psychometric validation of the Healthcare-OH survey across fifteen acute NHS trusts in England Stephen P. Williams Christopher R. Nicolay, Sanjay Purkayastha , Sankalp Chaturvedi & Ara Darzi (2020)
8	Perceived Organizational Health as a Mediator for Job Expectations: A Multidimensional Integrated Model Fanxing Meng ¹ , Jin Zhang ¹ , and Zijuan Huang ¹ (2014)
9	Leader Communication Styles and Organizational Health Joel M. Hicks, MSRS, RT(R) (2020)
10	Healthy organizations: toward a diagnostic method II Mario Iva'n Tarride Julia Gonza'lez (2014)
11	Healthy organizations: toward a diagnostic method Mario Iva'n Tarride, R. Ariel Zamorano and S. Nicola's Varela, M. Julia Gonza'lez (2008)
12	Human being – organization homomorphism: between autopoiesis and allopoiesis

Table 1. The review of the literature

No	Research Identity
	Mario Iván Tarride (2016)
13	Instrument Development for Organisational Health Hari A. P. Nair ¹ , Dileep Kumar ¹ & Subramaniam Sri Ramalu ¹ (2015)
14	Leadership and Organisational Health: An Evidence-Based Leadership Development Program Peter Stebbins, Fiona Loughlan, Danielle Lees, Ben De Young, Leith Middleton and Joanne Karabitsios (2008)
15	Organizational Health Literacy: Review of Theories, Frameworks, Guides, and Implementation Issues Elina Farmanova, PhD ¹ , Luc Bonneville, PhD ² , and Louise Bouchard, PhD ² (2018)
16	A Concept Analysis of Organizational Health and Communication Angela C and Jane M. Carrington (2019)
17	Relationship between employee well-being and organizational health: symbiotic or independent? Anupama Singh and Sumi Jha (2016)
18	Scale Development of Organizational Health Construct Anupama Singh and Sumi Jha (2017)
19	The Effect of Social Capital and Organizational Health on Competitive Advantages of Culinary and Craft SMEs in Samarinda City Feny Widyawati, Imas Soemaryani and Wa Ode Zusnita Muizu (2023)
20	The Healthy Lifeworks Project: the role of organizational health in the personal health of employees Steven Smith, Lydia Makrides, Francis Schryer Lebel, Jane Allt (2012)

Antecedent of Organizational Health

Organizational commitment

Organizational commitment, the feeling of belonging and dedication to an organization, is linked to employees' decision-making freedom, attitudes, acceptance of organizational goals, and intent to maintain membership. This study uses Porter et al.'s (2022) concept, emphasizing that greater decision-making freedom leads to higher commitment. Tight control can lead to non-cooperation or resignation, while freedom instils a sense of responsibility, thus boosting commitment. Past studies suggest that commitment strengthens the employee-organization

relationship and contributes to achieving organizational goals (U-senyang, Traichandhara, & Rinthaisong, 2014). This commitment, agreed by many to impact organizational health (Yuceler et al., 2013; U-senyang et al., 2014), is fostered through leadership, trust, and consistent dedication, leading to increased motivation and positive contributions.

Organizational justice

Organizational justice pertains to the approach or method by which employees discern their treatment fairness within the workplace, and this perception can influence other work-related variables (Muchinsky, 2008). For this study, the investigators opted to examine the facet of organizational justice based on the theories of Folger and Cropanzano (1988) and Muchinsky (2008). These theories address organizational justice in the context of rules, regulations, and societal norms utilized to distribute outcomes such as rewards and punishments. Moreover, they consider the decision-making processes related to other aspects, including interpersonal interactions and the fair dissemination of information or knowledge about the organization's processes that employees wish to understand. Such information should be conveyed transparently, without obstructions, accurately, and logically.

Moreover, in the process of identifying the factors that shape organizational health, literature analyses by U-senyang, Traichandhara, & Rinthaisong (2014) highlighted the need for social scientists to recognize the crucial role that awareness of organizational justice plays, as it can significantly influence job satisfaction. This notion of organizational justice encapsulates three distinct dimensions: 1) Procedural justice related to decision-making, 2) Interpersonal justice, and 3) Informational justice within communication. Drawing from the relevant literature reviews and research findings, it can be deduced that organizational justice directly affects organizational health (Freyedon & Zainab, 2011). Additionally, the findings from a myriad of studies confirm the criticality of organizational justice to organizational effectiveness, and such effectiveness is inherently linked to organizational health (Yudi, 2000; Tantinakhom, 2007).

Transformational leadership

Leadership plays a significant role in organizational health (Quick et al., 2007). However, there is limited research on how leaders mitigate work stress (Nyberg et al., 2005) and the impact of leadership development on organizational outcomes (Day, 2001). This study examines transformational leadership, as per Bass (1985), known for behaviours that motivate, inspire change, and boost efficiency. This leadership style, comprising ideological influence, motivational inspiration, intellectual motivation, and individualized consideration, has been linked to organizational health (U-senyang et al., 2014; Korkmaz, 2007; Claudia, 2008). The office environment also significantly influences productivity (Haynes, 2008), organizational change, and organizational health (Dobers & Soderholm, 2009).

Consequences of Organizational Health

Competitive Advantage

From the vantage point of Resource-Based Theory (RBT), organizational health contributes to sustaining a competitive edge, resulting from the continuous rejuvenation of internal resources based on their value, rarity, difficulty to replicate, and irreplaceability (Cappelli & Hefter, 1996; Foss & Knudsen, 1996). This advantage arises from focusing on the competencies at the firm level (Bergenhengouwen et al., 1996). However, unwavering adherence to such competence frameworks might hinder success (Hamel & Prahalad, 1994). The expansion of an organization relies on the accessibility of knowledge and expertise (Bartlett & Ghoshal, 1993). Core

competencies cultivated within an organization are more durable and valuable (Collis, 1994). Core competencies' intricate and vague nature makes them difficult to copy (Pisano & Shuen, 1997; Teece, 1998). Competencies that are unique, difficult to substitute, and linked to specific roles and functions confer a competitive edge (Zander & Kogut, 1995). Therefore, core competencies that provide dominance and resilience in challenging market scenarios are integral to superior organizational performance.

Goal Alignment

Kaplan and Norton's Balanced Score Card (BSC) posits that an environment centred on performance fosters financial growth by quantifying a firm's intangible assets, which are segmented into four dimensions: Financial, Customer, Learning & Development, and Internal Processes (Kaplan & Norton, 1992). The primacy of customer orientation is enduring, and the BSC aids in pinpointing all customer-focused initiatives and key performance metrics (KPIs). Financial evaluations are vital for appraising an organization's performance, where revenue creation and profit amplification are principal indicators of organizational health. Internal processes form the infrastructure of product and service delivery, necessitating efficiency and agility to adjust to evolving business circumstances. The strategic significance of learning and development has escalated in the knowledge industry, promoting employee growth through education. The BSC addresses the issue of goal alignment by classifying all objectives into these four fundamental areas that directly impact organizational performance.

Change Capacity

McKinsey and Company (2009) emphasize the human side of an organization for sustaining health, contrasting with the objective-driven approach of the Balanced Score Card. For this study, the researchers adopted the Organisational Health Index developed by McKinsey & Company (2006), focusing on five dimensions of culture and change: Aspire, Assess, Architect, Act, and Advance. This approach begins with clear aspirations, moving to understanding the firm's readiness and the gaps between current capabilities and objectives. With this awareness, the company can restructure its systems for a customer-driven organization, dropping rigid structures and triggering performance improvements. Acting involves creating change concepts and ensuring feasibility, including workforce diversity. Improvement infrastructure should be cultivated to enhance change capacity and sustain health over time. Empowering employees and fostering a competitive spirit helps maintain this health. The organization's core competencies, offering competitive advantage and productivity resilience, are key to this superior performance approach.

CONCLUSIONS

Organizational Health is a crucial concept that reflects an organization's effectiveness in handling diverse and competing values. Achieving Organizational Health requires a dialectical perspective, integrating and disintegrating aspects, and adopting a cross-cultural approach to address value tensions. A healthy organization aims for an inverted value pyramid and a hybrid, value-based management style. Organizational Health has been explored in educational and business settings, emphasizing the importance of organizational commitment, organizational justice, and transformational leadership in enhancing organizational health. The consequences of organizational health include competitive advantage, goal alignment, and change capacity.

Further research is needed in Organizational Health, specifically how leadership styles and organizational justice influence it across various industries and cultures. Studying the combined effect of different factors on performance and well-being and the effects of interventions over time could provide valuable insights. The transformation towards better organizational health and

resilience, the links between organizational health and employee well-being, job satisfaction, work-life balance, and the role of technology and digital transformation in shaping organizational health, particularly in remote work, are all areas for future exploration. This will facilitate a better understanding of Organizational Health and help develop evidence-based strategies for creating healthy organizations in an ever-evolving business landscape.

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