

Demystifying Organizational Health: What is it and Why Does it Matter?

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Abstract

As organizations seek to develop high-level leadership skills, improve employee engagement and work towards long-term growth, the theory and application of organizational health have begun to gain increasing importance both in the business world and in academia. Through a review of existing literature and business reports collated from research databases such as JSTOR and Research Gate, this essay provides an overview of key concepts of organizational health by dismantling commonly held myths on the topic. It emphasizes the role of leadership, growth mindset, creativity, innovation, psychological safety and vulnerability-based trust in this process. Maintaining consistency across these practices is critical to gaining long-term results. Benefits of organizational health include psychologically empowered employees, increased employee engagement, improved communication, strong leadership, higher profits and sustainable organizational growth. The essay concludes with highlighting the need for the development of organizational health within the Canadian context, particularly for marginalized groups.

“Your role, and everyone’s role, is to become a champion of organizational health.”

—Rubi Ho, Author of Many Parts, One Body

The past two decades have seen a growing interest in measuring the progress of societies. Deloitte’s Global Human Capital Trends 2016 report shows organizational structure determines the health of a business at 92%, closely followed by leadership gaps at 90% and culture at 86% (cited in Teamworks, n.d.). At a macro level, these economic factors directly affect the physical, mental and emotional lives of workers.

Below is a list of common myths and debunking of misconceptions about organizational health—some of these may surprise you:

- **Myth**—Organizational health is a function of human resources.

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*Essays advance a new idea, summarize a development, or initiate or engage in discussion. They may be narrower in scope than the above categories, but the subject matter should be of general scholarly interest.

- **Fact**—According to McKinsey (2017), when we consider the well-being of an organization, it goes beyond the roles and responsibilities of a specific department or team. It is about an organization’s ability to rally around a common purpose, successfully fulfill its mission, and constantly rejuvenate itself through innovation and creative thinking.
- **Myth**—Organizational health is a one-time initiative.
- **Fact**—The implementation of organizational health initiatives across an organization requires active participation and ongoing engagement by leaders in change processes, taking on board some responsibility for organizational change successes and failures and the ethical manner in which outcomes are achieved (By et al., 2022).
- **Myth**—Organizational health is separate from work performance.
- **Fact**—Findings from a study by Singh (2022) depict that the practice of organizational health and well-being leads to psychologically empowered employees, which in turn creates positive feelings and increases work engagement, contributing towards a conducive work environment, with organizational communication moderating these effects.

From the list above, it can be inferred that key ingredients of organizational health include—a long-term mission/vision, committed leadership, creativity, accountability, transparency and psychological safety. Although leadership plays a key role in this process, it should be noted that the conventional belief that top management teams are the sole drivers of organizational success has been challenged by researchers (Katzenbach, 1997). It has been argued that strong leadership and collaboration should be fostered at all levels of an organization and that high-performing teams can emerge from various parts of the organization.

In addition to the above, data from a study by the Neuro Leadership Institute has demonstrated that leading organizations have successfully integrated a growth mindset into various functions of their organization, such as onboarding, talent acquisition and employee engagement (Grant et al., 2021). Having a growth mindset involves believing in others’ skills, potential to develop, and viewing failures as opportunities and redirection. Related to leadership and growth mindset is the concept of power, which typically has a negative association. However, the use of power to develop knowledge, skills and expertise,

build stronger relationships and demonstrate emotional intelligence are effective tools in the facilitation of organizational health (NMAC, N.D.).

Given that organizations typically function based on factors such as employee engagement and work performance, a lack of identity safety within the organizational environment is likely to contribute to unsupportive workplace cultures and consequently, poor organizational health. Edgar Schein’s theory (cited in Tharp, 2009) on the three levels of culture discusses how organizational culture emerges, evolves and influences various aspects of workplace dynamics.

“The overall organizational health needs to be measured via employee engagement, culture readiness, business agility, and customer-centricity, etc.”

—Pearl Zhu, Author of *Digital Master* (book series)

Furthermore, the practice of vulnerability-based trust in developing a healthy organizational culture is an indicator of strong leadership. It allows for the cultivation of strong relationships by demonstrating the ability to foster relational connection, benevolence and integrity (Auten, 2023). In this manner, vulnerability-based trust is built over time through consistent actions that align with core beliefs, leading to a positive impact on employee engagement and retention, improved communication, increased profits and higher job satisfaction (Auten, 2023).

The use of moral courage and intelligence to practice intelligent disobedience is encouraged to push back against organizational structures that stifle creativity, innovation and change. Janice Charette, the recently retired top bureaucrat in Canada, emphasizes the significance of prioritizing organizational health in the public service to effectively manage crises. Charette highlights the importance of addressing issues related to employee health and well-being, particularly for marginalized groups (May, 2023). There is a need for thorough examination of organizational structures and processes to address work overload and stress while defining priorities for the future of organizational growth and success.

“Organizational health is the single greatest competitive advantage in any business.”

—Patrick Lencioni, Author of *The Advantage*

Note

*The Office of Research and Innovation welcomes expressions of interest by faculty members to partner with us and conduct research on organizational health as it relates to corporate culture and the new world of work.

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