

Four Measures of Organizational Health

As one of the leading organizational behaviorists, Dr. Chris Argyris (we had the privilege of inviting and sharing with him at the University of Puerto Rico some years ago), argues that healthy organizations have essential properties, just as teams and individuals do. The healthy organization is designed and managed through the intelligent interrelationships of the parts. One of his core arguments is that the locus of control is the distinguishing feature of the healthy organization.

Actors of the healthy organization share in the formulation of objectives, they are aware of how their unit contributes to the total effort. Argyris call this the pattern of the parts, and the objectives of each unit are oriented toward the whole as opposed to the self-interest of the unit. This requires a robust culture of openness and trust between members of the organization. Collaboration and trust are equal to a reality of healthy relationships, business growth and expansion plus an ethic of integrity (meaning what you see is what you get). The payoffs are an organization with high degree of flexibility and an usual ability to cope and manage its core activities and external forces in the market or environment that affect it.

The Argyris empirical proposition is very clear: **WHEN PSYCHOLOGICAL ENERGY IS DIRECTED AWAY FROM THE ESSENTIAL PROPERTIES, THE ORGANIZATION BECOMES ILL.** A sick organization is one in which authority is concentrated exclusively in a single unit that tries to control all the parts. The manager of the unit treats the organization as a plurality of parts, giving each part discrete functions and limited objectives, assuming that the interests of the parts are and should be narrow, self-serving and unrelated to the whole. Information is given in limited amounts and is shared on a need to know basis.

The paradox of this highly control oriented management structure is that the parts become so independent, that the control office cannot fully control the course of the organization. The organization becomes rigid, inflexible, and a victim of outside events; its approach to problem solving and goal setting is generally crisis oriented and short-range.

It is like Dr. Martin Landau alerted in the Self-Correcting Organization that, to manage is not to control and that knowledge is equally distributed throughout the organization. One can measure the extent of organizational disease by testing the adaptive capacity of the organization.

YOU CANNOT SHRINK AND OVER-CENTRALIZE AN ORGANIZATION TO GREATNESS!

The six symptoms of an organization that has lost its ability have been profoundly researched by Dr. Edgar Schein. **HOW DOES YOUR ORGANIZATION MEASURE UP?**

1. Failure to sense the changes in the environment or incorrectly sensing what is happening.
2. Communications breakdowns or failure to get relevant information of those parts of the organization which can act upon it or use it.
3. Resistance to change within the organization that cannot be overcome of failure to influence the conversion, production or service system to make the necessary changes.
4. Disastrous secondary effects following an attempt or not follow through, or failure to consider the impact of changes on other systems and failure to achieve stable change.
5. Failure to support new product, services, process, technology, information, or knowledge, or improving somewhat or doing something well but nobody outside the organization hearing about it.
6. Failure to obtain feedback on the success of change.

The healthy organization, by contrast, is one that can research and sense change, communicate it to the relevant units, readjust its operations, create a new business model, while anticipating and avoiding mistakes, sell its customers and stakeholders on the response, and make any necessary and intelligent adjustment.

There are four measures for testing the degree to which an organization has achieved the essential properties of institutional health.

1. Adaptability- the ability to solve problems and to respond with flexibility to changing market and economic demands and realities.
2. A sense of identity- the members understand the goals of the organization and feel that their own personal development is tied to successful accomplishment of those goals. THEIR OWN SENSE OF IDENTITY MATCHES THE IMAGE THAT OUTSIDERS HAVE OF THE ORGANIZATION.
3. Capacity to research and test reality-the ability to search out, accurately perceive, and correctly interpret the real properties of the outside environment, particularly those which have relevance for the functioning of the organization,
4. Integration-personal goals are integrated with organizational goals, and the organization can become as complex as it needs to be without losing its ability to internally integrate the institutional parts.

The healthy organization is built on three anchor points: (1) Impact. (2) Effectiveness. (3) Efficiency. Efficiency captures how investment affects program and practices. Effectiveness captures how programs and practices affect talent and organizational pools. Impact captures how talent and organizational pools affect sustainable strategic success. All the anchor points or knowledge domains are necessary and work together, and they must be considered when making talent and organization decisions. It is all about learning, managing knowledge and self-correcting.

The ill organization cannot learn from its mistakes. The healthy organization is self-correcting.