

# Conceptual Framework of the Relationship between Organizational Health and Strategic Performance

Abbas Mezeal Mushref, Laith Shinawah Al-Jabiri

**Abstract**--The current research attempts to clarify the intertwined properties between Organizational Health and Strategic Performance. Moreover, established an integrated framework for the fields. With limited information about Organizational Health and its relationship with Strategic Performance, this research investigated the dimensions perspective of Organizational Health and its relationship to Strategic Performance. The focus is to explain the relationship between Organizational Health and Strategic Performance. Five dimensions of Organizational Health are included in this research: (A focused goal, Adequate communication, Optimal power equality, Resource Utilization Morale) and the four dimensions of Strategic Performance. Several contributions of this research were an integrated model of Organizational Health and Strategic Performance were conceptually tested. A revised model was present and that may lead to contribute the future research in this area.

**Index Terms** -- Organizational Health, Strategic Performance.

## I. INTRODUCTION

Most of the organizations in last thirty years focus on the organizational climate as a tool to achieve its goals, that came by integrated sub systems to reach that ,should the employees have an informal organizing as a Aspects of the unofficial organization studied by various names, including non-formal organizations, organizational atmosphere, organizational climate, or organizational health (barth2001).

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The organizations worked on make the strategic Character used in every part of it. While the performance is very important in every organization so the performance of the organization has a priority to be strategic performance. according to Kloot & Martin (2000) strategic performance management focusing on the importance of means like the importance of the results this is a strategic aspect of performance and that leads to shown the necessary of strategic performance, because of means are often internal and its plan in short term, and the results which are often external and its plan in long term in the environment of any organization. The developed model of performance is the strategic performance which is interested the shareholders, competitors, customers; the best model is the balanced scorecard (Kaplan & Norton, 1992).

The organization use the strategic performance as a key to assessment the strategic posture because of the overall performance of organization is one of the important responsibilities of the general management. the assessment of the general management performance occurs by adaptation of the organization with its environment which contains the customers , competitors (Kipley, et al, 2012). Strategic performance measurement is very important for the financial success of any organization because it take the responsibility to determine the strategic goals and identify the method to achieve these goals (Kali, 2003). The best stander to measure the strategic performance is the Balanced scorecard , it's a strategic tool to measure the performance which developed by Robert Kaplan & David Norton at Harvard Business School in 1992 , its measure strategic nonfinancial performance measures as well as traditional financial measurement measures for an organization as a whole (Mccaskill,2012). The Balanced Scorecard extends the areas of measurements to the four perspectives. There are financial, Customers, Internal Processes, and learning and growth.

## II. ORGANIZATIONAL HEALTH

The beginning of the informal organizational Thought through attempts to understand the basis of the work environment. Researchers have tried to describe the nature and function of informal organizations (Selznick 1957), Aspects of the unofficial organization studied by various names, including non-formal organizations, organizational atmosphere, organizational climate, or organizational health (barth2001).

To explain Organizational health, it is essential to examine the aggregate health in relation to the health of various components of the Organization. Systems theory underpins this aggregate health scenario. Systems theory was conceived by a reach of scholars as a means of examining and engaging with a miscellany of topics in complex Organizational systems (Nair, etal, 2014).

The Theorists administrators were contrived to use organizational health as metaphor, they tried to make a similarity between the organization and the human body, which means the organization can be sick like the human body. Organizational health has been defined as, the organization's ability to successfully adapt to their environment, and create harmony among its members and to achieve its goals (Hoy & Miskel, 1991; Hoy & Tarter, 1997; Hoy; Parsons, Bales, & Sils, 1953, Chauvin, 2010, Fairman, 2015).

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Tarter, 1997; Hoy; Parsons, Bales, & Sils, 1953, Chauvin, 2010, Fairman, 2015).

- Adequate communication

Because of the big size of organizations the systems will be asynchronous, so that the information channel becomes decisive. The clear information system and the vertical, horizontal movement to the information through the parts of organization, that leads to successful plans.

- Optimal power equality

It is the state of the distribution and sharing the power to make an opportunity to highlight their superior capabilities, and that leads to motivate them to participate in decision-making. This reflects positively on improving the organizational climate.

- Resource Utilization

The ability of the leader to use the team members` capabilities in economical way with personal side and low stress ,economic using of financial resources apply by giving lucrative salaries for teachers and administrative staff.

- Morale

Miles chose this expression of morale because it is linked to feeling, well-being, satisfaction, and pleasure, all these characterized by relativism. The core of moral is the feeling of well-being, satisfaction and pleasure. As a result of individuals feeling which they are under the caring of the organization, so this is what makes the professors keep working under pressure.

## III. STRATEGIC PERFORMANCE

The UNESCO's documents reports refer to the sustainable development as a responsibility of everyone to play their part in making it a reality. Sustainable development can be defined as the development that meets the needs of the present without compromising the ability of future generations to meet their own needs(Gislason etal,2008). Accordingly, we can recognize the important strategic side of performance by making the needs of future generations considerable through the performance in the present time. This is an important characteristic of the strategic area which is reflected to make the strategic performance very necessary at this time because it includes the long term goals of any organization.

In order to manage a strategic performance the organization should follow a policy needed by the

strategic performance management. This policy must be able to understand and work on the results and the means of achieving these results (Kloot & Martin,2000). This is one of the strategic performance advantages, because it focus on the importance of means, like the importance of the results as a strategic aspect of performance. However the organization is interested in means which are often internal and plan in short term, instead of results that are often external and long-term plans in the environment of any organization.

The performance has been defined as "behavior or action relevant to the attainment of an organization's goals that can be scaled, that is, measured"(Cania, 2014).Many writers view the differentiation between primary and secondary goals to be very important when linking performance measurement with organizational accountability.

The first step of the strategic planning process is to determine the organization's primary objectives as the tool that paints relationship between the organization and its stakeholders, and the secondary objectives of the strategic choices that determine the mechanism to achieve its primary objectives (Atkinson and McCrindell, 1997).

This is an important distinction in defining aspects of performance management systems. There is an obvious and complementary relationship between results (primary objectives) and determinants (secondary objectives). A focus on secondary processes for achieving primary objectives provides a tool for monitoring relationships with the stakeholders"(Kloot & Martin, 2000).

The developed model of performance is the strategic performance which is interested in the shareholders, competitors, customers; the best model ,however, is the balanced scorecard (Kaplan & Norton, 1992). The shareholders work on achieving the primary objective by planning, design, implementation, and operation; that is the concept of strategic performance measurement system according to (Atkinson & McCrindell, 1997). Kloot & Martin (2000) viewed that clearly Table (1).

Table (1) A Balanced Approach to Performance Management

Performance Management Process	Questions to be addressed
Primary objectives or results to be achieved	To succeed how should we appear to our shareholders?
Financial	
Customers	To achieve our vision how should we appear to our customers?
Secondary objectives or determinants of success	To satisfy our stakeholders and community what
Internal Business Processes	Business processes must we excel at?
Innovation and Learning	To achieve our vision how will we sustain our ability to change and improve?

Performance management is defined by (Armstrong, 2006) "as a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors".

Through this definition we can transpires the strategic dimension of performance because performance management is a strategic approach and the sustainability of delivered success that came by continues improving performance as the holistic aspect of performance which represents one of the important characteristics of strategy.

#### IV. ORGANIZATIONAL HEALTH AND STRATEGIC PERFORMANCE

The organizational health is a modern approach and it is special because of its vision of treating the occupational stress through two ways. First, to make both of the employees well-being and organizational performance considerable. Because of having happy and satisfied employees, without performing efficiently and productively, it will be nothing to the organization. Furthermore, an organization works with efficiently and productively at the expense of employees well-being , will be without value because the organizational health is a Modern form of human relationship school; accordingly, the organization improves employee well-being and organizational performance in the same time.

Second, "the organizational health perspective recognizes that employee well-being and organizational performance determined by both individual and organizational performance"(Murphy & Cooper, 2003). So, improving the organizational performance came by make it strategic performance to be connected with improving well-being of employees characterized by long term; this improving should be comprehensive, Fig.1 explains that.

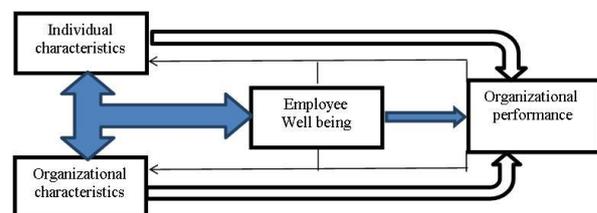


Fig.1 Organizational Health Flow Diagram

Source: Murphy, Lawrence R, & Cooper, Cary L, 2003, healthy and productive work, an international perspective, Taylor & Francis group, USA.

"Many investigations linked new product to strategic performance management as one dimension of it "(Gholampour & Abdul Rahim,2014), Innovativeness is one of Miles's organizational health dimensions that include that any system characterized by healthy must devise new procedures, and the search for new targets and produce new products. This integration between organizational health and strategic performance about innovation aspect which is a new product leads to multiple the achievement of strategic goals of any organization.

"Sustained organizational health is among the most powerful assets a company can build. Healthy companies generate total returns to shareholders three times higher than those of unhealthy ones"(De Smet et al, 2014). Organizational health mission is to implement those diagnostic and development services that leads to improving the critical dimensions of organizational health that are statistically significantly correlated with raise the performance and productivity, and that, in turn, leads to a sustainable system success (Fairman, 2015).

## V. CONCEPTUAL FRAMEWORK

Based on the previous studies, the conceptual framework is developed based on the recourse-based view. Consequently, Fig.2 shows the relationship between organizational health and strategic performance.

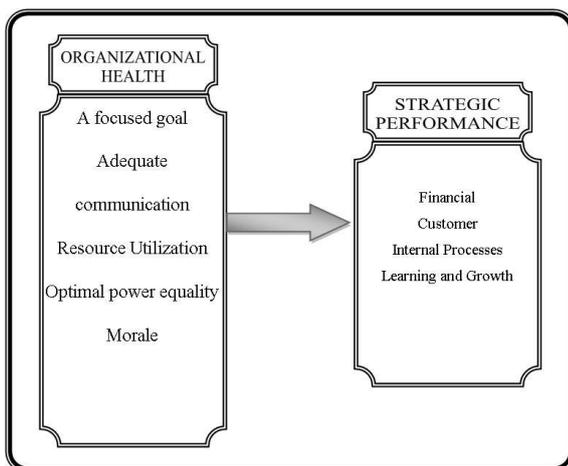


Fig. 2 Conceptual Framework

The proposed conceptual framework might be a good contribution to the organization to their organizational health literature. It shows the relationship between organizational health and strategic performance.

## VI. CONCLUSION

The purpose of conducting this study is to provide the conceptual framework that explain the relationship between organizational health (A focused goal, Adequate communication, Resource Utilization, Optimal power equality and Morale) and strategic performance (Financial, Customer, Internal Processes, Learning and Growth). In addition, further research will be needed to confirm the conceptual framework.

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