What is the Healthy Organization? Organizational Climate and Diversity Assessment: A Research Partnership

Charles B. Lowry and Paul J. Hanges

The issues of organizational diversity and climate are of major concern to many organizations, a fact reflected in the extensive literature about both. This interest is based on the simple, perhaps intuitive, notion that we should find ways of measuring organizational climate because climate will have an impact on organizational goals—from service to products. The University of Maryland (UM) Libraries, as a team-based learning organization, is committed to addressing the issues of organizational diversity and climate through its assessment activities. Key to this is the libraries' commitment to service excellence at all levels in order to build a culture of shared vision, values, and leadership.

We observe, though, that organizational health, as a goal in itself, is a chimera. On the other hand, attending to it as a continuum can assure that the organization remains fundamentally sound. It is part of the larger concept of "continuous organizational development."[1] The concept of the "healthy organization" has emerged and been validated in a major research project that began at the UM Libraries late in 1999 and today involves multiple members of the Association of Research Libraries (ARL). The goals of the research are to establish that healthy organizations are more effective, to establish the scales that measure health, and to develop strategies for improvement. It is clear, too, that the findings for research libraries have much broader implications that may be applied to other types of organizations.

> We observe, though, that organizational health, as a goal in itself, is a chimera.

Some background is useful. The UM Libraries' change process began in 1996 and has affected every member in the organization. These changes include the development of a new service philosophy, formation of teams, data driven decision-making, and the creation of a comprehensive learning program. Like any organization, we have experienced uneven development in achieving our goals of organizational improvement and

found the need to test the extent to which our efforts have been successful. Since 1996, several assessment processes have been conducted, resulting in additional organizational changes (see http://www.lib.umd.edu/PASD/MIS/index.html). Two such assessment activities are the Individual-Team-Organization (ITO) Survey and the Organizational Culture and Diversity Assessment (OCDA).

The ITO Survey is a commercially available instrument that looks at three components of an organization: individual members in the organization, teams that make up the organization, and the organization itself. First administered in 1998, the survey has been repeated at intervals, ensuring the libraries' ability to gauge the transition to an effective team environment over time. Areas to improve have been noted and changes made with the analysis of data for each survey period. Gauging the extent of continuous improvement is a critical element of this assessment tool.

The OCDA was developed specifically for the UM Libraries in partnership with the UM Department of Industrial and Organizational Psychology. The OCDA has led to a research partnership with the goal of providing a Web-based tool and service offered by the Association of Research Libraries (http://www.lib.umd.edu/ocda/index.html). The OCDA addresses issues of climate for diversity, teamwork, learning, and fairness—key elements of a successful institution. Results of the 2000 OCDA not only offered insight in the areas of work and diversity climate and culture for the UM Libraries but also provided a baseline against which the effectiveness of its interventions could be determined. In 2004, a revised OCDA survey was administered in the UM Libraries. The new instrument included measures of climates for teamwork and continual learning, current managerial practices, and the individual's attitudes and beliefs, and provided an updated snapshot of the diversity and organizational climate of the libraries. This early experience is reported on in the proceedings of the September 2006 Library Assessment Conference on building effective, sustainable, and practical assessment.[2]

> **The OCDA addresses issues of climate for diversity, teamwork, learning, and fairness—key elements of a successful institution.**

Transforming the culture of a library organization is not an easy task. It involves personal development and mastery as well as continual clarification and maintenance of the larger vision for change. Immediate identification of "enablers" and "barriers" to assessment is critical in determining success strategies as well as knowing what could be considered "pitfalls" to be avoided in reaching desired goals. The ITO and OCDA surveys have given the UM Libraries the opportunity to identify several such "enablers" and "barriers."

The OCDA survey is based on information in the organizational climate research literature. Organizational climate refers to the interpretative frameworks shared by employees regarding the priorities of their organization, and it helps them understand what behavior is rewarded, supported, and expected in the organization.[3] Employees develop these organizational perceptions as a result of their attempts to make "sense" of the policies, practices, and procedures endorsed and enacted in an organization. These perceptions become shared through formal and informal communication networks among employees.[4] In general, employees tend to moderate their behavior to be

consistent with organizational climate. Stronger climates (for example, organizational perceptions shared by a greater number of the employees in an organization) are more effective at moderating employee behavior than weaker climates.

The OCDA project extends the prior climate literature, incorporating the concept of the healthy organization. A healthy organization is one that has a profile in which several climate dimensions work synergistically to maintain the organization's sensitivity and responsiveness to its environment.[5] Specifically, a healthy organization has policies, practices, and procedures that empower employees and emphasize the importance of continual learning and innovation to meet the demands of an ever-changing environment. It is one in which customer service, employee diversity, and organizational justice are all recognized as critical imperatives that will determine the effectiveness of the organization in the long run.[6]

> The OCDA project extends the prior climate literature, incorporating the concept of the healthy organization.

More precisely, the healthy organization has policies, practices, and procedures that create climates that send two simultaneous messages to their employees. First, organizations need to send a strong "concerned for employees" message to their employees. This message is sent when organizational policies suggest that things like teamwork, diversity, and justice are valued. Second, organizations also need to send a strong "concern for customers" message to their employees. This message is sent when organizational policies reinforce a climate for customer service.[7] Organizations value their customers when they do such things as restructure the work environment to improve customer service and/or offer training and other resources to improve employee/customer related skills and knowledge. When organizations have succeeded in developing a climate profile that sends these two messages, resultant employee behavior will be focused on maintaining a mutually beneficial relationship with the organization's customers.

Recent research supported by the joint venture of UM Libraries, the UM I/O Psychology program, and ARL provides empirical evidence for the connection between these organizational climate concepts and customer satisfaction in a library setting. Phase I of this work includes five partners. These five other ARL institutional members are the University of Arizona, University of Connecticut, University of Iowa, University of Kansas, and Texas A&M University. Each supported the Phase I work financially and by direct participation in the development of the instrument, the Web application, and by local administration. At the October 2007 meeting of the Association of Research Libraries, the partners met with the UM team to finish Phase I of the project and begin planning for Phase II. Phase II of the project will include 10–15 libraries, and the UM Libraries will again administer the survey locally for the third four-year cycle. More information about this joint venture, the OCDA project, and recent empirical findings can be accessed online at http://www.lib.umd.edu/ocda.

Among the more critical and important findings of the research with Phase I partners are:

- Results demonstrate empirically what we have known intuitively for a long time. A healthy organization is better able to fulfill its service mission.

- Results also indicate that conflict that exists within an organization has a direct negative impact on customers. In short, organizational climate (that is health) has a direct and perceived impact on the service experienced by our customers.
- Another important finding is that the climate for diversity improves the way an organization operates—this is the first time that this has been shown. Similarly findings include a significant correlation between valuing diversity and the extent to which customers say they can get information.

> **Another important finding is that the climate for diversity improves the way an organization operates—this is the first time that this has been shown.**

Perhaps the most important dimension of this work is that the findings can be turned into an action program that allows an organization (not just libraries) to make changes that will improve its climate condition and that improvement will help reshape the experience of the customer.

Phase II participants were selected in the fall of 2007. With Phase II of the project we intend to advance the work substantially toward significant goals:

- An expanded number of partners will include non-ARL library partners.
- Partners will administer the OCDA during the spring 2008 for one more testing of the practicality of Web-administration and to establish additional strategies for assuring high "return rates."
- The OCDA Web site will be further developed.
- An administration manual will be refined and finalized.
- Automated institutional report generation will be refined and finalized.
- Work will continue with Phase I partners to develop "best practices" strategies for using the survey results as a tool for organizational and service improvement.

Phase III will occur in 2009 when ARL assumes implementation responsibility. At that time, the components of the OCDA will become a service that is offered under the aegis of the "New Measures and Assessment Initiatives," http://www.arl.org/stats/initiatives/index.shtml. The University of Maryland will continue to provide assistance in the research component of the OCDA as a service offering.

Charles B. Lowry is dean of libraries, University of Maryland Libraries, University of Maryland College Park, College Park, MD; he may be contacted via e-mail at: clowry@umd.edu.

Paul J. Hanges is professor/associate chair and director of graduate studies, Department of Psychology, University of Maryland College Park, College Park, MD; he may be contacted by e-mail at: phanges@umd.edu.

Notes

1. Charles B. Lowry, "Continuous Organizational Development—Teamwork, Learning Leadership, and Measurement" *portal: Libraries and the Academy* 5, 1 (2005): 1–6.
2. M. Sue Baughman et al., "From Organizational Assessment to Organizational Change: The University of Maryland Library Experience" in *Proceedings of the the Library Assessment*

Conference: Building Effective, Sustainable, Practical Assessment, September 25–27, 2006, Charlottesville, VA, ed. Francine DeFranco et al. (Washington, D.C.: Association of Research Libraries, 2007), 319–29.

3. Benjamin Schneider, ed., *Organizational Climate and Culture* (San Francisco: Jossey-Bass, 1990).

4. D. A. Newman et al., "A Network Model of Organizational Climate: Friendship Clusters, Subgroup Agreement, and Climate Schemas" in *The People Make the Place: Dynamic Linkages Between Individuals and Organizations: A Festschrift in Honor of Benjamin Schneider*, ed. D. B. Smith (Mahwah, NJ: Lawrence Erblaum, forthcoming).

5. Paul Hanges, Juliet Aiken, and Xiafang Chen, "Diversity, Organizational Climate, and Organizational Culture: The Role They Play in Influencing Organizational Effectiveness" in *Proceedings of the the Library Assessment Conference: Building Effective, Sustainable, Practical Assessment, September 25–27, 2006, Charlottesville, VA*, ed. Francine DeFranco et al. (Washington, D.C.: Association of Research Libraries, 2007), 359–68.

6. Hanges et al., "Phase 1 OCDA Scale Results: Psychometric Assessment and Descriptive Statistics for Partner Libraries," Phase 1 OCDA Project, Technical Report, (Industrial and Organizational Psychology Program, Department of Psychology, University of Maryland, 2007), http://www.lib.umd.edu/ocda/Phase%20I%20OCDA%20Scale%20Results.pdf (accessed October 30, 2007).

7. B. Schneider and D. E. Bowen, "Employee and Customer Perceptions of Service in Banks: Replication and Extension." *Journal of Applied Psychology*, 70, 3 (1985): 423–33.