How organisational climate affects the leadership-health relationship in the face of change

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1. Introduction

- Leadership styles and behaviour as predictors of employees' health well documented: positive effect of "good" leadership

- Health-promoting effect of "good" organisational climate moderately analysed

- Largely neglected:

  - Mediating and moderating (contextual) effects of organisational climate on the leadership-followers' health relations

  - Special importance of these effects in organisations facing change (esp. digitisation)
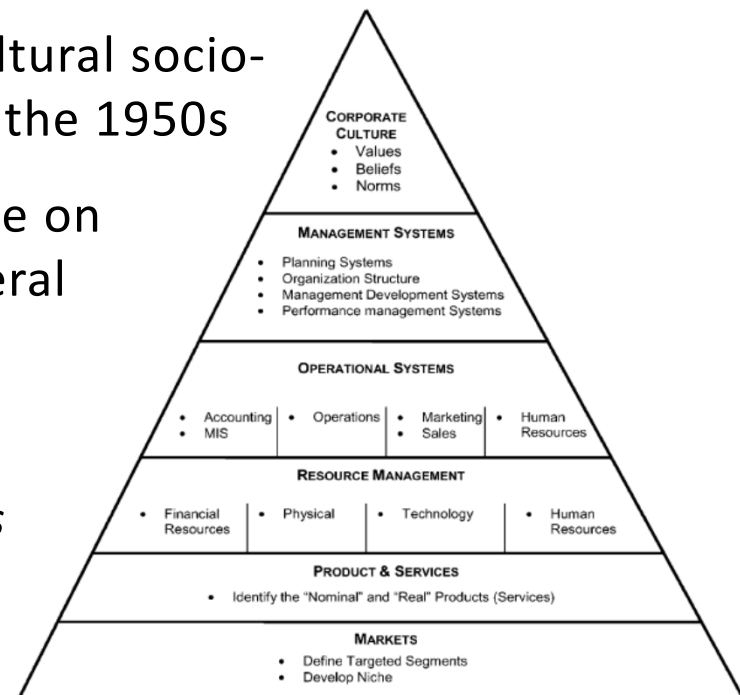
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1. Introduction

Research Questions

1. How is organisational climate defined in contrast to culture, structure, social relations and individual behaviour?

2. How does climate mediate and moderate the effect of leadership behaviour on employee's health?

3. Are the effects of climate stronger when facing digitalisation?

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2. Theoretical framework: Culture – common view

- *"Organisational climate" often defined by the use of "culture" and "structure"* → *clear demarcation necessary – and possible*

- Common definition of „organisational culture" as uniform "orders" of internalised, commonly shared "values" shaping cognition and action

- Definition constrained to tradition of "cultural socio-logical" and 'conservative' role theory of the 1950s

- Heterogeneous, non-consensual discourse on meaning of the concept "culture" in general not reflected

- ➢ *Above definition does not adequately reflect theory, and quantitative measures rely on biased premises*

CORPORATE CULTURE
- Values
- Beliefs
- Norms

MANAGEMENT SYSTEMS
- Planning Systems
- Organization Structure
- Management Development Systems
- Performance management Systems

OPERATIONAL SYSTEMS
- Accounting
- MIS
- Operations
- Marketing
- Sales
- Human Resources

RESOURCE MANAGEMENT
- Financial Resources
- Physical
- Technology
- Human Resources

PRODUCT & SERVICES
- Identify the "Nominal" and "Real" Products (Services)

MARKETS
- Define Targeted Segments
- Develop Niche

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2. Theoretical framework: Culture – back to the roots

- Organisations "are" cultures, inclusion of what is *not* shared

- (Related) Subcultures, esp. countercultures, fragmented culture

- Latent "real" meaning of symbols (values), myths, rites, ceremonies ("rain dance"): unintended, unperceived „deep structure"„below the surface" of manifest „intentions", „motives"

- Interactive constitution of meaning (values), cultural enactments: Institutionalism, social constructivism, symbolic interactionism, practice theory, micropolitics, organisational learning, social memory

➢ *Qualitative, narrative approach: "Thick description"*

➢ *Quantitative scales should take points above into account…*

➢ *…otherwise, use of the concept of culture not recommended*
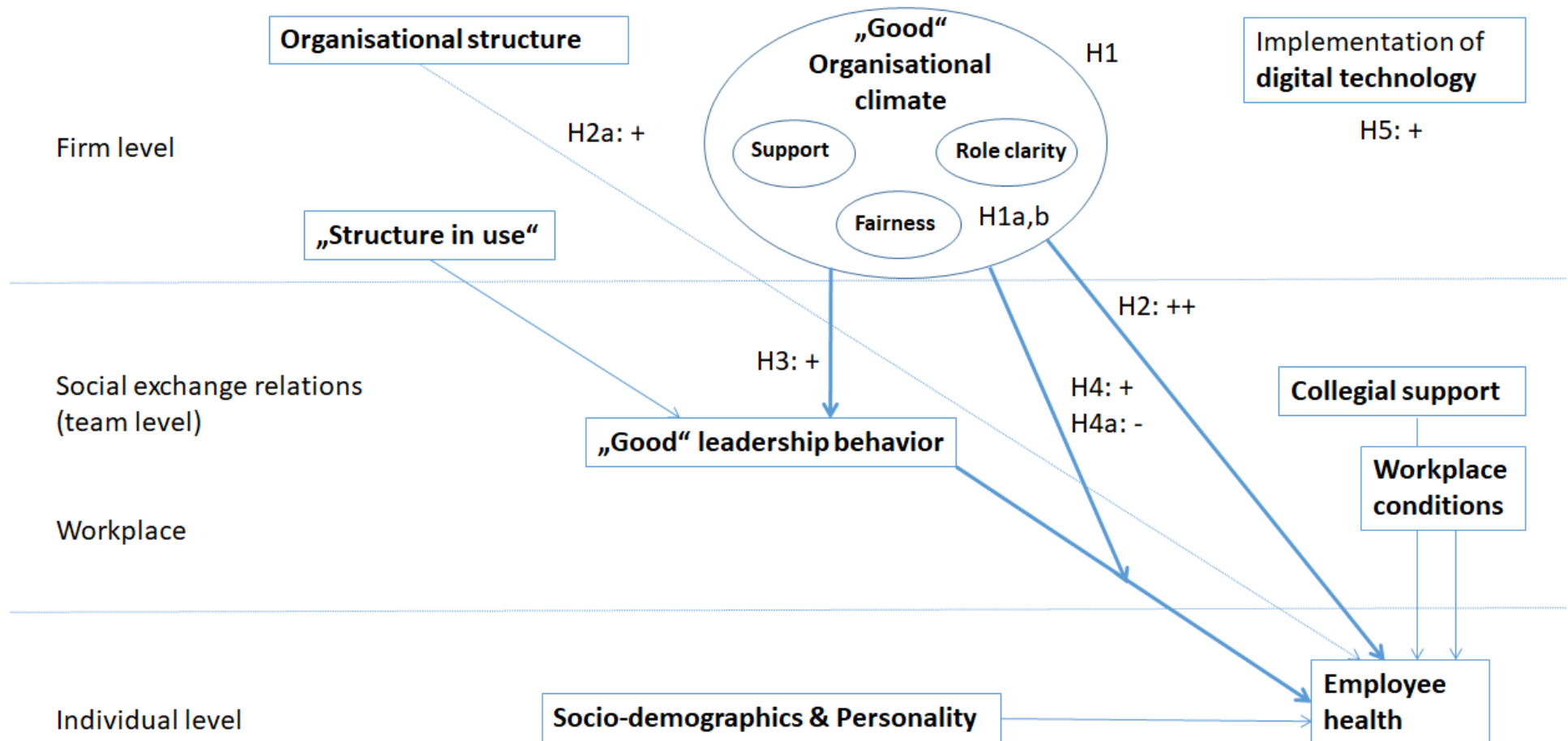
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2. Theoretical framework: Three structural dimensions

- *Formal (manifest) structure:* e.g. hierarchy/chain of command, divisional organisation, specialisation, standardisation, formalisation, work design, control instruments

- *„Positional" / „opportunity structure":* Number, density, distribution, relation of elements (individuals, jobs) – implications:

- *Technical infrastructure*

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2. Theoretical framework: Climate

- Field-theoretical tradition, experiments in small-group settings

- „Surface manifestation of culture"

- „Intervening variable between the context of an organisation and the behaviour of its members"

- „Temporary", "consciously perceived", interpretation, ascription of meaning to context

- Emergent level of context: organisation (or teams) vs. exchange relations (LMX) / individual leadership behaviour

- Individual (psychological) vs. compositional organisational climate

- Multi-Foci

- Several climate facets – theoretical status unclear

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Organisational structure

„Good" Organisational climate   H1

Implementation of digital technology

Firm level

H2a: +

Support   Role clarity

H5: +

Fairness   H1a,b

„Structure in use"

H2: ++

Social exchange relations (team level)

H3: +

H4: +
H4a: -

Collegial support

„Good" leadership behavior

Workplace conditions

Workplace

Individual level

Socio-demographics & Personality

Employee health

H1: Measurement model, H2= Direct effect, H3= Mediation, H4= Moderation, H5=Multigroup-analysis

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2. Theoretical framework: Hypotheses

H1. A single latent variable 'good climate' can be identified
H1a. A second-order latent 'climate'-variable is composed of three climate dimensions: supervisory support, role-clarity, fairness
H1b. Three first-order (latent) climate dimensions can be identified

H2. 'Good Climate' has a direct positive effect on the health of employees
H2a. (auxiliary hypothesis). The direct effects of climate are stronger than the effects of structural measures

H3. A large part of the positive leadership-health relationship is explained by climate

H4. A 'good climate' promotes the leadership-health relationship
H4a. A 'good climate' weakens the leadership-health relationship

H5. The climate impact is stronger in establishments facing digitisation

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3. Data and Methods: Linked Personnel-Panel (LPP)

- Funded by Federal Ministry of Labour and Social Affairs (BMAS) and Institute for Employment Research (IAB)

- Biennial linked employer-employee panel survey of

  - (Representatives of) German establishments, representative for private sector, 50+ employees

  - Employees subject to social security contributions, stratified random sample within above sample of establishments

- Here: 2nd wave, 2014/15, dependent employees, age: 25-59, 771 establishments, 4.624 employees

- EFA for H1 and SEM for H1-5

- Limited to „individual climate" (aggregation of individual responses not possible), however focus of items on organisation and climate-items from viewpoints of representatives and employees

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3. Data and Methods: Operationalisation

Structure

- Certified health management audit
- Target agreements
- Performance assessments
- Standardised employee interviews
- Age/sex distribution

„Structure in use"

- Standardised employee interview conducted

Control Variables

- Collegial support by/of colleagues
- Working conditions (Work design questionnaire): job autonomy, unpleasant ambient conditions
- Sociodemografics / Personality: Age in years, sex, Big 5: Neuroticism

"Good" Climate (5-pt Likert scale)

Representatives of organisation

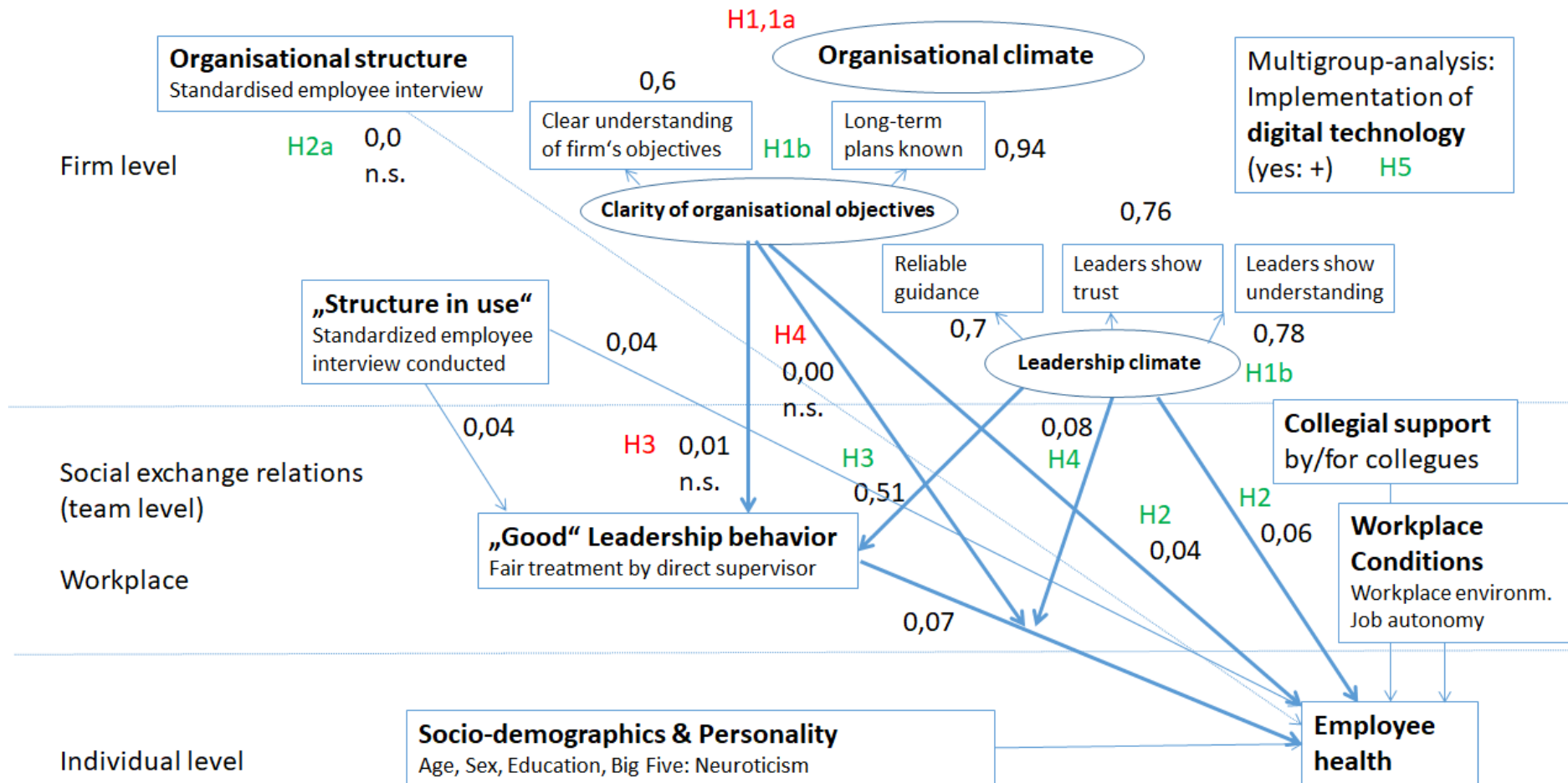- Management of poor performance: open discussion, personnel development, positional change, lay-off

Employees

- Clarity of organisational goals, 2 items, OCM
- Supervisory support: 6 items, task-/relations-oriented, OCM
- Procedural justice: single item
- No discrimination: single item

Fair treatment by supervisor (5pt-Likert)

Perceived state of health (5pt-Likert)

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4. Empirical Results

Organisational structure
Standardised employee interview

Firm level

H2a   0,0
       n.s.

H1,1a

Organisational climate

0,6

Clear understanding of firm's objectives   H1b   Long-term plans known   0,94

Clarity of organisational objectives

0,76

Reliable guidance   Leaders show trust   Leaders show understanding

0,7   **Leadership climate**   0,78   H1b

Multigroup-analysis: Implementation of **digital technology** (yes: +)   H5

„Structure in use"
Standardized employee interview conducted

0,04

H4
0,00
n.s.

0,04

Social exchange relations (team level)

H3   0,01
      n.s.

H3
0,51

0,08
H4

Workplace

„Good" Leadership behavior
Fair treatment by direct supervisor

0,07

H2

H2
0,04

Collegial support
by/for collegues

H2
0,06

Workplace Conditions
Workplace environm.
Job autonomy

Employee health

Individual level

Socio-demographics & Personality
Age, Sex, Education, Big Five: Neuroticism

Best Model Fit, all goodness-of-fit measures above/below cutoff-criteria documented by Hu&Bentler (1999)

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5. Summary

- Organisational climate can and should be distinguished from culture, structure, exchange relations and individual behaviour

- Two climate dimensions

    a) clarity of organizational objectives
    b) supportive leadership climate

- (Only) supportive leadership climate partially explains the health effect of fair leadership behaviour

- Supportive leadership climate strengthens positive health effect of fair leadership behavior

- Mediating and moderating climate-effects especially strong in organisations facing change (digitisation)

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5. Implications, limitations and future tasks

- Good climate, less structure, is health-promoting by supporting fair leadership and thus helps to implement organisational change

- However, variance in health only partially explained and health effect of climate fully mediated by job satisfaction – job demands-resources model: dual-process explanations?

- Research Gaps

  - Causality: Use of longitudinal information

  - Multi-level research design

  - Qualitative analyses of organizational culture

- All gaps addressed in BAuA-project: "Leadership and organisation in the changing world" (2018-2021)

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Thank you for your attention!

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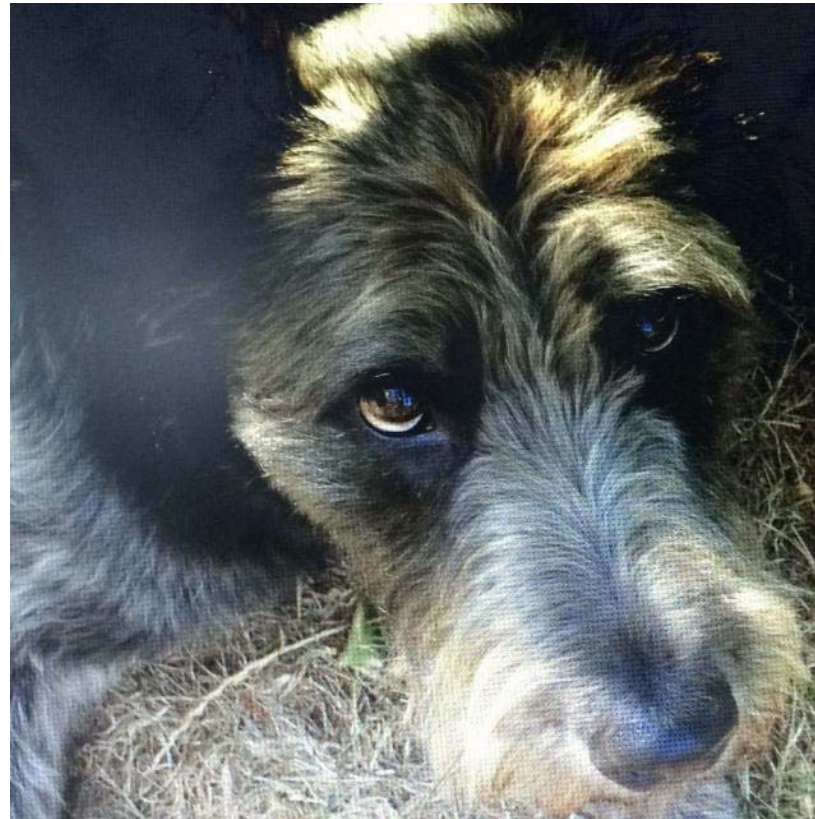
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4. Empirical Results

H1. A clear-cut latent variable 'good climate' can be identified
Refuted

H1a. A second-order latent 'climate'-variable is composed of three climate dimensions: supervisory support, role-clarity, fairness
Refuted

H1b. Three first-order (latent) climate dimensions can be identified

Partially confirmed

- Two climate dimensions identified:
  - Clarity of organisational goals
  - Supportive leadership climate

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4. Empirical Results

H2. 'Good Climate' has a direct positive effect on the health of employees

Confirmed

H2a (auxiliary hypothesis). The direct effects of climate are stronger than the effects of structural measures

Confirmed

H3. A large part of the positive leadership-health relationship is explained by climate

Partially confirmed for leadership climate

H4. A 'good climate' promotes the leadership-health relationship

Partially confirmed for leadership climate

H4a. A 'good climate' weakens the leadership-health relationship

Refuted

H5. The climate impact is stronger in establishments facing digitisation

Confirmed

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