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RELATIONSHIP OF ORGANIZATIONAL CULTURE AND ORGANIZATIONAL INTELLIGENCE IN PUBLIC ORGANIZATION

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Abstract

This research studies the relationship of organizational intelligence (OI) and organizational culture (OC) in Social Security Organization in Iran. Dimensions of OI are Strategic Vision, Shared Fate, and Appetite for Change, Heart, Alignment and Congruence, Knowledge Deployment and Performance Pressure. The type of this research is Descriptive-Correlation. Statistical community was 280 of personnel in 3 levels (managerial, supervisor, employee) that were selected on Stratified Random Sampling. Data were collected by Albrecht OI and Denison organizational culture questionnaire. Data analysis was carried out by using the statistical program packages SPSS. P-value, equal or lower than 0.01, were considered statistically significant. Findings showed that there is statistical significant relation between OI and OC.

Key words: Organizational intelligence, organizational culture, Organizational intelligence dimensions.

Introduction

Culture is essential for both successful organizational change and maximizing the value of human capital culture management should become a critical management competency, and while the right culture may be a necessary condition for organizational success, it is by no means a sufficient condition. An important challenge for managers is to determine what the most effective culture is for their organization and, when necessary, how to change the organizational culture effectively.

The concept of organizational culture was in common use in the 1980s. Organizational research originally focused strongly on the surveying of corporate climate, but in the 1980s the organizational climate concept was to some extent replaced by concept of organizational culture. Climate was redefined as the visible expression of organizational culture (Glendon and Stanton, 2000). There is no generally accepted definition of either concept, even though both terms have been in use for more than a decade. Organizational culture is said to mean, for example, an organization's values (Deal, Terrence and Kennedy, 1982), an organization generally accepted system of meaning (Pettigrew, 1979) or an organization's operating philosophy (Ouchi, 1981). Despite the uncertainty of the concept's definition, the significance of culture is understood, particularly in the corporate world. Traditional mechanistic management models have been found to be inadequate and contrary to fundamental human nature. A new concept was needed to describe and explain individuals. Actions in an organization so that their working capacity could be improved (Alvesson and Berg, 1992).

With the development of the concept of "Organizational IQ", some researcher notices the relationship of Organizational IQ and Organizational Culture. Mendolson (1999) mentioned that "Organizational IQ has a strong effect on a company's performance." About the different characteristics of Organizational IQ in different countries, Motohashi Kazuyuki conducted a comparison research on the Organizational IQ in high-tech organizations between Japan and

the US in 2001. The different characteristics of Organizational IQ were used to explain the strengths and weaknesses of Japanese Enterprises. Another researcher Massaki Hirano use Organizational IQ frame work to analyze and compare Japanese and the US product development organizations their research propositions suggested key difference between both countries.¹

Literature Review

Organizational Culture: The concept of organizational culture also appealed to organizational scientists and practitioners who had grown disillusioned with the prevailing formalistic, quantitative organizational research. Many definitions of culture give primacy to the cognitive components, such as assumptions, beliefs, and values. Others expand the concept to include behaviors and artifacts, leading to a common distinction between the visible and the hidden levels of organizational culture – a distinction basically corresponding to the climate/culture distinction noted above (Kotter, John, and Heskett, 1992).

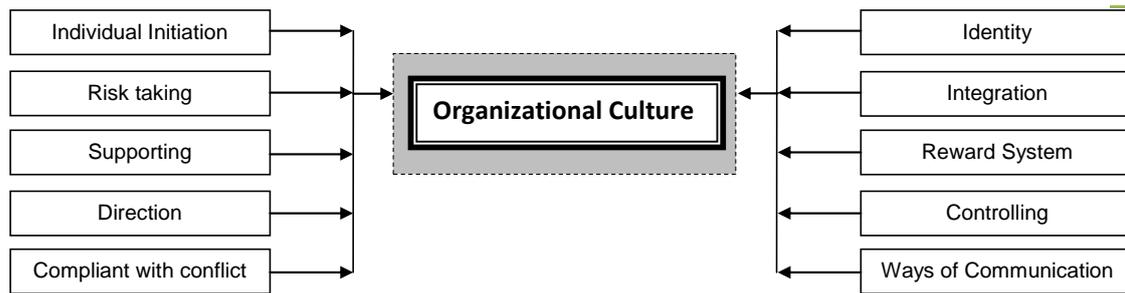
Symbolic aspects of organizations and management stimulated organizational intelligence.

Organizational culture became a business phenomenon in the early 1980s, triggered by four seminal books:

- 1) Ouchi's (1981) *Theory Z: How American Business Can Meet the Japanese Challenge*.
- 2) Pascale and Athos's (1982) *The Art of Japanese Management: Applications for American Executives*.
- 3) Deal and Kennedy's (1982) *Corporate Cultures: The Rites and Rituals of Corporate Life*.
- 4) Peters and Waterman's (1982) *In Search of Excellence: Lessons from America's Best Run Companies*.

Although the concept of organizational culture was popularized in the early 1980s, its roots can be traced back to the early human relations view of organizations that originated in the 1940s. Human relations theorists viewed the informal, nonmaterial, interpersonal, and moral bases of cooperation and commitment as perhaps more important than the formal, material, and instrumental controls stressed by the rational system theorists. The human relations perspective drew its inspiration from even earlier anthropological and sociological work on culture associated with groups and societies. According to Schein (1999) theory, organizational culture is defined as A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as a correct way to perceive, think and feel in relation to those problems. According the Schein, organizational culture is the learned result of group experiences, and it is to a large extent unconscious (Smircich, 1983). According to Parker (2000), Organizational Culture Management As a tool of consultants and as a management method is often a direct continuation of Taylorism and work rationalization and efficiency thinking: an attempt is made to develop control mechanisms that are not based on compulsion or on direct orders. Theories about the unity of culture have been undermined by showing that various subcultures are evident in organizations. Parker (2000) shows that workers identify with different groups within an organization, for example on the basis of age, gender and education.

According to Denison (1990) organizational culture is formation of ten pars, consist of: Individual Initiation, Risk taking, Supporting, Direction, Compliant with conflict, Identity, Integration, Reward System, Controlling, and Ways of Communication (Denison, 1990).



Cited from Denison, 1990

Fig 1: Denison Organizational Culture Model

Organizational Intelligence (OI): The concept of Organizational IQ (Organizational Intelligence Quotient) was first developed by Haim Mendelson and other researchers, who conducted a questionnaire survey of firms in Silicon Valley and used the results to analyze the relationship between organizational IQ and Firm Performance. (Mendelson, 1999). Organizational IQ is a quantitative measure of an organization's effectiveness in information distribution, decision making and execution (Synesis, 2001). Organizational Intelligence the capacity of an enterprise to mobilize all of its available brain power, and to focus that brain power on achieving its mission. (Albrecht, 2003).

Organizational intelligence has become a popular topic recently in business and academia and attracts many researchers and practitioners from different fields. Because of many studies in such different disciplines and perspectives, the interpretation of organizational intelligence shows a discrepancy, resulting in disorder in the organizational literature (Dayan, 2006). Organizational intelligence is a measure of a firm's capabilities to assimilate, manage and use information in order to make effective decisions (Mendelson, 1999). Individual and organizational intelligences are conceptualized as being functionally similar. Organizational intelligence, however, is a social outcome and is related to individual intelligence by mechanisms of aggregation, cross-level transference and distribution (Glynn, 1996).

Albrecht Designed a Modal That Includes Seven Key Dimensions of OI

Strategic Vision: Every enterprise needs a theory-a concept, an organizing principle, a definition of destiny it seeks fulfills. Note that strategic vision refers to the capacity to create evolve, and express the purpose of the enterprise and not to any particular vision, strategy, or mission concept in and of itself. The OI dimension of strategic vision presupposes that the leaders can articulate and evolve a success concept and that they can reinvent it when and as necessary.

Shared Fate: When all or most of the people involved in the enterprise, including associated stakeholders like key suppliers and business partners, and in some cases even the families of its members, know what the mission is, have a sense of common purpose, and understand their individual parts in the algebra of its success, they can act synergistically to achieve the vision, this sense that "We're all in the same boat" creates a powerful sense of community and esprit de corps. Without a sense of shared fate, the psychological tone of the culture degenerates into a "Look out for number one" spirit.

Appetite for Change: Some organizational cultures, usually led by their executive teams, have become so firmly set in their ways of operating, thinking, and reacting to the environment that change represents a form of psychological discomfort or even distress. In

others, change represents challenge, opportunity for new and exciting experiences, and a chance to tackle something new. People in these environments see the need to reinvent the business model as a welcome and stimulating challenge and a chance to learn new ways of succeeding.

Heart: Separate from the element of shared fate, the element of heart involves the willingness to give more than the standard. Organizational psychologists refer to discretionary effort as the amount of energy the members of the organization contribute over and above the level they have "contracted" to provide.

Alignment and Congruence: Any group of more than a dozen people will start bumping into one another without a set of rules to operate by. They must organize themselves for the mission, divide up jobs and responsibilities and work out a set of rules for interacting with one another and for dealing with the environment. In the intelligent organization the system, broadly defined, all come together to enable the people to achieve the mission.

Knowledge Deployment: More and more these days, enterprises succeed or fail based on the effective use of knowledge, information and data. Almost every business organization these days depends heavily on the acquired knowledge, know-how, judgment, wisdom and shared sense of competency possessed by its people, as the wealth of operational information that flows through its structure every minute. Knowledge deployment deals with the capacity of the culture to make use of its valuable intellectual and informational resources. OI must include the free flow of knowledge throughout the culture and the careful balance between the conservation of sensitive information and the availability of information at key points of need. It must also include support and encouragement for new ideas, new inventions and an open-minded questioning of the status quo.

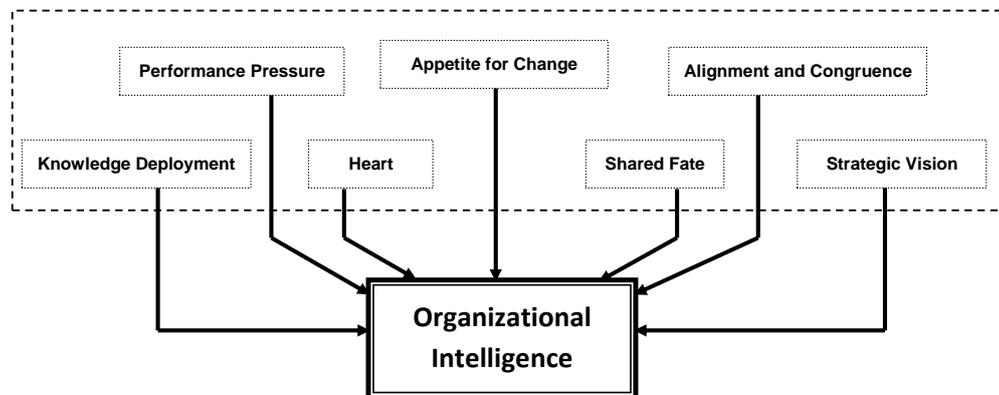
Performance Pressure: It's not enough for executives and managers to be preoccupied with the performance of the enterprise, i.e. its achievement of identified strategic objectives and tactical outcomes. In the intelligent organization, *everyone* owns the performance proposition, i.e. the sense of what has to be achieved and the belief in the validity of its aims. Leaders can promote and support a sense of performance pressure, but it has the most impact when it is accepted by all members of the organization as a self-imposed set of mutual expectations and an operational imperative for shared success. When people hold one another accountable for their contributions to the mission, a performance culture takes shape, and every new member who joins can feel the shared sense of imperative. (Albrecht, 2003)

These seven dimensions or indicators of OI are portrayed in Figure 2

Stokyko (2009) was expressed that there is significant relationship between organizational memory (intelligence of organizational) and organizational culture. As the relationship between organizational culture and organizational intelligence is described, advice is offered to managers about what to do to create a culture that supports learning. As cultural elements and dynamics become more familiar, the manager ought to maintain an active presence in the workplace, gain a situational awareness, and actively glean cultural signals. Developing a culture that supports learning involves creating a "safe space" wherein people can speak candidly, reflect on what they do, and act authentically.

Abzari (2007) was study relationship between organizational intelligence and organizational culture in pholad mobarake in Esfahan-Iran. The result of his study was showed that there was relationship between organizational intelligence and organizational culture. And eventually each increase or decrease in organizational intelligence cause to same change in organizational culture.

Talebian (1380) was studied relationship between intelligence and identity in girls high school in Mashhad-Iran, the result of his study was showed that there was significant relationship between intelligence and identity. And eventually each increase or decrease in intelligence cause to same change in identity.



Cited of Albrecht (2002)

Fig. 1: Seven dimensions of organizational intelligence

Samani and Nouri (1987) were studied relationship between emotional intelligence and organizational culture in medical science university in Esfahan-Iran, the result of their study was showed that there was significant relationship between emotional intelligence and organizational culture. And eventually each increase or decrease in emotional intelligence cause to same change in organizational culture.

The designed questions of this research are as follow

Are there any significant relationship between Organizational Intelligence dimensions and Organizational Culture?

- a) Is there any significant relationship between Strategic Vision and Organizational Culture?
- b) Is there any significant relationship between Shared Fate and Organizational Culture?
- c) Is there any significant relationship between Appetite for Change and Organizational Culture?
- d) Is there any significant relationship between Heart and Organizational Culture?
- e) Is there any significant relationship between Alignment and Congruence and Organizational Culture?
- f) Is there any significant relationship between Alignment and Congruence and Organizational Culture?
- g) Is there any significant relationship between Performance Pressure and Organizational Culture?

Methodology

Social Security organization is one of the most successful organizations in Iran-Tabriz that has 350 personnel in five branches there are 350 personnel in the office divided to 3 groups: 18 managers, 88 supervisors with bachelor and master degree and, 244 employees with bachelor and below bachelor degree. We selected four branches (1, 3, 4, and 5) were selected as for population. They exactly have 260 personnel in four branches. So the present research sample size was determined by table of Morgan (Krejcie et al., 1970), 155 samples.

This Study Was Descriptive-correlation: Total of 180 questionnaires was selected at Random for this study. Organizational intelligence questionnaire was designed by Albrecht (2002). It contains 49 items and it has 7 dimensions included in Strategic vision, Shared Fate, Appetite for Change, Heart, Alignment and Congruence, knowledge Deployment and Performance Pressure. Its reliability was reported 0.927. Organizational culture was assessed by Denison culture questionnaire that was published with 41 items in 1990 to measure personal organizational culture in organization. Its reliability was reported 0.85. One of them was in 4 point scale ranging from "very low" to "very high". Another was data analysis was carried out by using the statistical program packages SPSS.

Data Analysis

The participants were male (64.7%) and female (35.3%) with a mean age of 41 ranging from 25 to 55. According to results, they were 5.1 % manager, 25.6% supervisors and 69.2% staffs. Their degree of education was 31.4% below bachelor, 58.3% with bachelor, 10.3% in master. Theirs job tenure wait average age 15years. The Pearson correlation for the study variables are given in Table-1.OI was correlated with organizational culture. Dimensions of OI were significantly related to organizational culture too. The results of table-1 illustrates that alignment and congruence, knowledge deployment, shared fate, appetite for change, performance pressure, heart, strategic vision, and had correlation from up to down.

Table-1: shows Pearson correlation coefficient between Organizational Intelligence and organizational Intelligence diamonds and organizational culture (n=156)

variable	Organizational Intelligence	Strategic vision	Shared fate	Appetite for change	Heart	Alignment and congruence	Knowledge deployment	Performance pressure
Organizational culture	0.695**	-0.061	0.573**	0.531**	0.368	0.664**	0.616**	0.506**

** . Correlation is significant at the 0.01 level (two tailed)

Table-2: Model summary of regression of Organizational Intelligence and organizational culture

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.695	0.483	0.479	11.43356

As seen, the signification predictor (Strategic Vision, Shared Fate, and Appetite for Change, Heart, Alignment and Congruence, Knowledge Deployment and Performance Pressure) have determined 48.3% of the variance of organizational culture. As it was expected to predictor Organizational Culture depending on OI and dimensions, bi-variable regression was applied, OI as predictor variable and Organizational Culture as depended variable were analyzed. Data of table 3 illustrated that OI and its dimensions predict the Organizational Culture. Eventually each increase or decrease in OI and dimensions cause to same change in Organizational Culture.

Table-3: Regression analysis to predict organizational intelligence and dimension of organizational intelligence on the organizational culture.

Predictor Variable	B	Std. Error	Beta	T	Sig.
(Constant)	35.202	6.163	-	5.712	.000
Organizational Intelligence	.460	0.038	0.695	11.987	.000
Strategic vision	- 0.424	0.557	0.061	- 0.762	0.447
Shared fate	1.299	0.150	0.573	8.686	.000
Appetite for change	1.685	0.217	0.531	7.768	.000
Heart	1.441	0.293	0.368	4.916	.000
Alignment and congruence	2.111	0.192	0.664	11.013	.000
Knowledge deployment	1.946	0.201	0.616	9.699	.000
Performance pressure	1.832	0.251	0.506	7.287	.000

As seen, alignment and congruence has satisfied the entrance criterion of the regression and entered as a first important predictor (Beta= 0.664). In second step Knowledge deployment pressure has satisfied the entrance criterion of the regression and entered as a second important predictor (Beta= 0.616). In third step Shared fate has satisfied the entrance criterion of the regression and entered as a third important predictor (Beta= 0.573). In fourth step Appetite for change has satisfied the entrance criterion of the regression and entered as a fifth important predictor (Beta= 0.531). In fifth step Performance pressure has satisfied the entrance criterion of the regression and entered as a fifth important predictor (Beta= 0.506). In sixth step Heart has satisfied the entrance criterion of the regression and entered as a sixth important predictor (Beta= 0.368). But strategic vision could not satisfy the entrance criterion of the regression, then regression equation of the regression of the organizational culture on the Strategic Vision, Shared Fate, and Appetite for Change, Heart, Alignment and Congruence, Knowledge Deployment and Performance Pressure is as follow:

$$\text{Organizational Culture} = 0.664 (\text{alignment and congruence}) + 0.616 (\text{Knowledge deployment}) + 0.573 (\text{Shared fate}) + 0.531 (\text{Appetite for change}) + 0.506 (\text{Performance pressure}) + 0.368 (\text{Heart})$$

The results of the different studies showed that there is a strong relationship between organizational intelligence and creativity; also Stokyko (2009) illustrated that there is strong relationship between OI and organizational culture. Also Abzari (2007) illustrated that there is significant relationship between organizational intelligence and its dimensions and organizational intelligence. The result of his study was showed that, eventually each increase or decrease in organizational intelligence cause to same change in organizational culture. Also Talebian (2001) comes to conclusion that each increase or decrease in intelligence cause to same change in identity.

Conclusions

Organizational Culture and intelligence are the superior characteristics which are put in each organization member. Organizational intelligence is a social outcome and is related to individual intelligence. So its root as organizational culture is located in mind. This similarity upholds relationship between OI and organizational culture. OI is board range of managerial performance related to organizational culture, organizational development and strategies that result to pay attention to these two traits in organization's cells: human resource and their effect on organization's success. The result of the question showed that there is positive

correlation between organizational intelligence and organizational culture; so, the findings of the present study are in conformity with results of Stokyko (2009) and Abzari (2007). Also, the result of studies by Samani and Nouri (2008) and Talebian (2001) can be used in the result of this study. The results showed to exist relationship between Organizational Intelligence and Organizational Culture in SCO. Questions (b, c, d, e, f and g) were illustrated significant between organizational intelligence and organizational culture. But question (a) was not illustration this effect. Heart had the least and alignment and congruence the greatest relationship with OC. So we should attention to heart dimension a lot. Because, element of heart involves the willingness to give more than the standard (Albrecht, 2003). To improve OC, leaders can articulate and evolve a success concept and that they can reinvent it when and as necessary. Therefore if we'll be intelligent organization, then we need to culture. But it's not available unless with attention to organizational intelligence and dimensions of OI.

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