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## **INVESTIGATING THE RELATIONSHIP BETWEEN THE ORGANIZATIONAL CULTURE WITH PRODUCTIVITY (CASE STUDY: THE EMPLOYEES OF IRAN KHODRO COMPANY)**

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### **ABSTRACT**

This study aims at investigating the correlation between the employees' organizational culture and their productivity in Iran Khodro Co. This research is applied in terms of objective and descriptive-correlative according to the method. The statistical population consists of all employees in Iran Khodro Co. (N =26000); the research data is collected through both Robbins's organizational culture questionnaire (2005) and the scale productivity of ACHIEVE model. They have content validity and their reliability is obtained equal to 0.97 for organizational culture and 0.92 for productivity through Cronbach's alpha. Kerjcie and Morgan table and the simple random sampling are utilized to determine the statistical sample (n=310). The data analysis through regression test and SPSS software indicates that there is a significant correlation between the employees' organizational culture and their productivity in Iran Khodro Co. Furthermore, this research confirms the correlation between seven components, namely, the employees' individual creativity, ambiguity tolerance, control system, reward system, communication model, management relations, and individual creativity with their productivity in Iran Khodro Co.

**Keywords:** *Organizational Culture, Productivity, Iran Khodro Co*

### **INTRODUCTION**

Nowadays, the organizational culture is one of the topics of organizational behavior and it is believed that each organization has a culture which is formed over time and cannot be easily destroyed and it will have a significant impact in the organizational behavior. As a person relatively has stable characteristics, which distinguish him from other people, the organizations, like individuals, have characteristics which refer to the organizational culture (Yazdi, 2007). Numerous studies on the organizational culture are conducted in the early 1980's and they have changed the researchers and managers' attitudes towards the organization. The analysis of organizational culture is one of the most important specializations in the field of organizational culture. It is inferred that the organizational culture is not only limited to scientific and academic institutions, but also the commercial-production and administrative-service institutes are interested in its enrichment (Pourkazemi and Shakeri, 2004). The organizational culture refers to the members' common values, beliefs, assumptions, meaning and experience with a specific group based on which it acts. Furthermore, the organizational culture can also be considered the solution to members' problems in the organization (William and Hedayat, 1991).

Nowadays, the productivity and efficiency have the valuable place for managers and all individuals are seeking to obtain higher efficiency and thus the managers take efforts in this regard in order to guarantee the stability of organization in today's competitive world. On this basis, the labor productivity is among the issues concerned by most of the thinkers for long times due to the close relationship with underdevelopment of nations (Bordbar *et al.*, 2009).

The organizational culture is among the factors affecting the employee productivity. The organizational culture is a set of employees' common beliefs, values and attitudes which are indicated in their behavior and performance. If the organizational culture of an organization puts the high performance and productivity at the first priority of its values and provides the fields for improving the employee productivity or supports the efficient employees, the organization will surely have higher productivity (Bordbar *et al.*, 2009) The experimental evidence indicates that the employee productivity has no desired

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status in Iran Khodro Co. Furthermore, the productivity has been the main concerns of individuals, organizations and even countries. Therefore, the main objective of this research is to investigate the correlation between the organizational culture and the employees' productivity in Iran Khodro Co.

**MATERIALS AND METHODS**

This research is applied in terms of objective and descriptive-correlative according to the method. The statistical population consists of all employees in Iran Khodro Co. (N =26000); the research data is collected through both Robbins's organizational culture questionnaire (2005) and the scale productivity of ACHIEVE model. They have content validity and their reliability is obtained equal to 0.97 for organizational culture and 0.92 for productivity through Cronbach's alpha. Kerjcie and Morgan table and the simple random sampling are utilized to determine the statistical sample (n=310). The descriptive statistics including the mean, median, mode, standard deviation, range of changes, and also the inferential statistics including the multiple linear regression analysis are utilized to respond to research questions.

**RESULTS AND DISCUSSION**

**Results**

**Main question:** Is there a correlation between the organizational culture and employee productivity in Iran Khodro Co.?

**Table 1: Regression results for correlation between the employee productivity and organizational culture in Iran Khodro Co.**

Multiple correlation coefficient	Coefficient of determination	Adjusted coefficient of determination	Standard error of approximation
0.902	0.643	0.642	8.423

The results of table indicate that the multiple-correlation coefficient is equal to 0.80 and the coefficient of determination equal to 0.64 and also the adjusted coefficient of determination equal to 0.64 (p=0.05 and F=555.021). Therefore, the observed coefficient of determination indicates that the organizational culture variable explains about 64% of variance in employee productivity as the dependent variable in Iran Khodro Co.

**Table 2: Coefficients of variables associated with regression equation**

Independent variable	Non-standardized coefficients		Standardized coefficients	t	Significance level
	B	Standard error	Beta		
Constant value	16.034	1.845		8.688	0.000
Organizational Culture	0.331	0.014	0.802	23.559	0.000

As shown in Table, the multiple-correlation between organizational culture and productivity indicates that the organizational culture is able to explain the dependent variable with beta value of 0.80; in other words, a one unit increase in standard deviation in increased organizational culture will lead to standard deviation of 0.80 in increased productivity.

According to the coefficients of table, the regression line equation is as follows:

Productivity= 16.034+ (0.331) Organizational culture

**First sub-question:** Is there a correlation between the employee productivity and creativity in Iran Khodro Co.?

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**Table 3: Summary of regression results for the correlation between the employee productivity and creativity**

Multiple correlation coefficient	Coefficient of determination	Adjusted coefficient of determination	Standard error of approximation
0.806	0.650	0.648	8.346

The results of table indicate that the multiple-correlation coefficient is equal to 0.80 and the coefficient of determination equal to R Square=0.65 and also the adjusted coefficient of determination equal to 0.64 (p=0.05 and F=570.986). Therefore, the observed coefficient of determination indicates that the creativity explains about 65% of variance in employee productivity as the dependent variable in Iran Khodro Co.

**Table 4: Coefficients of variables associated with regression equation**

Independent variable	Non-standardized coefficients		Standardized coefficients Beta	t	Significance level
	B	Standard error			
Constant value	28.804	1.390		19.284	0.000
Creativity	1.574	0.066	0.806	23.895	0.000

As shown in Table, the multiple-correlation between creativity and productivity indicates that the creativity is able to explain the dependent variable with beta value of 0.80; in other words, a one unit increase in standard deviation in increased creativity will lead to standard deviation of 0.80 in increased productivity.

According to the coefficients of table, the regression line equation is as follows:

$$\text{Productivity} = 28.804 + (1.574) \text{creativity}$$

**Second sub-question:** Is there a correlation between the employee productivity and ambiguity tolerance in Iran Khodro Co?

**Table 5: Summary of regression results for the correlation between the employee productivity and ambiguity tolerance**

Multiple correlation coefficient	Coefficient of determination	Adjusted coefficient of determination	Standard error of approximation
0.326	0.388	0.386	11.033

The results of table indicate that the multiple-correlation coefficient is equal to 0.62 and the coefficient of determination equal to R Square=0.38 and also the adjusted coefficient of determination equal to 0.38 (p=0.05 and F=194.961). Therefore, the observed coefficient of determination indicates that the ambiguity tolerance explains about 39% of variance in employee productivity as the dependent variable in Iran Khodro Co.

**Table 6: Coefficients of variables associated with regression equation**

Independent variable	Non-standardized coefficients		Standardized coefficients Beta	t	Significance level
	B	Standard error			
Constant value	30.86	2.045		15.083	0.000
Ambiguity tolerance	1.688	0.121	0.623	13.963	0.000

As shown in Table, the multiple-correlation between ambiguity tolerance and productivity indicates that the ambiguity tolerance is able to explain the dependent variable with beta value of 0.62; in other words, a one unit increase in standard deviation in increased ambiguity tolerance will lead to standard deviation of 0.62 in increased productivity.

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According to the coefficients of table, the regression line equation is as follows:

Productivity= 30.846+ (1.688) Ambiguity tolerance

**Third sub-question:** Is there a correlation between the employee productivity and control system in Iran Khodro Co?

**Table 7: Summary of regression results for the correlation between the employee productivity and control system**

Multiple correlation coefficient	Coefficient of determination	Adjusted coefficient of determination	Standard error of approximation
0.702	0.493	0.491	10.043

The results of table indicate that the multiple-correlation coefficient is equal to 0.70 and the coefficient of determination equal to R Square=0.49 and also the adjusted coefficient of determination equal to 0.49 (p=0.05 and F=194.961). Therefore, the observed coefficient of determination indicates that the control system explains about 49% of variance in employee productivity as the dependent variable in Iran Khodro Co.

**Table 8: Coefficients of variables associated with regression equation**

Independent variable	Non-standardized coefficients		Standardized coefficients Beta	t	Significance level
	B	Standard error			
Constant value	27.564	1.852		14.886	0.00
Control system	3.285	0.190	0.702	17.293	0.00

As shown in Table, the multiple-correlation between control system and productivity indicates that the control system is able to explain the dependent variable with beta value of 0.70; in other words, a one unit increase in standard deviation in increased control system will lead to standard deviation of 0.70 in increased productivity.

According to the coefficients of table, the regression line equation is as follows:

Productivity= 27.564+ (3.285) Control system

**Fourth sub-question:** Is there a correlation between the employee productivity and reward system in Iran Khodro Co?

**Table 9: Summary of regression results for the correlation between the employee productivity and reward system**

Multiple correlation coefficient	Coefficient of determination	Adjusted coefficient of determination	Standard error of approximation
0.566	0.320	0.318	11.627

The results of table indicate that the multiple-correlation coefficient is equal to 0.56 and the coefficient of determination equal to R Square=0.32 and also the adjusted coefficient of determination equal to 0.31 (p=0.05 and F=144.945). Therefore, the observed coefficient of determination indicates that the reward system explains about 32% of variance in employee productivity as the dependent variable in Iran Khodro Co.

**Table 10: Coefficients of variables associated with regression equation**

Independent variable	Non-standardized coefficients		Standardized coefficients Beta	t	Significance level
	B	Standard error			
Constant value	32.303	2.236		14.445	0.000
Reward system	2.749	0.228	0.566	12.039	0.000

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As shown in Table, the multiple-correlation between reward system and productivity indicates that the reward system is able to explain the dependent variable with beta value of 0.56; in other words, a one unit increase in standard deviation in increased reward system will lead to standard deviation of 0.56 in increased productivity.

According to the coefficients of table, the regression line equation is as follows:

Productivity= 32.303+ (1.749) Reward system

**Fifth sub-question:** Is there a correlation between the employee productivity and communication model in Iran Khodro Co?

**Table 11: Summary of regression results for the correlation between the employee productivity and communication model**

Multiple correlation coefficient	Coefficient of determination	Adjusted coefficient of determination	Standard error of approximation
0.690	0.476	0.475	10.204

The results of table indicate that the multiple-correlation coefficient is equal to 0.69 and the coefficient of determination equal to R Square=0.47 and also the adjusted coefficient of determination equal to 0.47 (p=0.05 and F=280.095). Therefore, the observed coefficient of determination indicates that the communication model explains about 48% of variance in employee productivity as the dependent variable in Iran Khodro Co.

**Table 12: Coefficients of variables associated with regression equation**

Independent variable	Non-standardized coefficients		Standardized coefficients Beta	t	Significance level
	B	Standard error			
Constant value	24.701	2.074		11.911	0.00
Communication model	1.314	0.079	0.690	16.736	0.00

As shown in Table, the multiple-correlation between communication model and productivity indicates that the communication model is able to explain the dependent variable with beta value of 0.69; in other words, a one unit increase in standard deviation in increased communication model will lead to standard deviation of 0.69 in increased productivity.

According to the coefficients of table, the regression line equation is as follows:

Productivity= 24.701+ (1.314) Communication model

**Sixth sub-question:** Is there a correlation between the productivity and management relations in Iran Khodro Co?

**Table 13: Summary of regression results for the correlation between the employee productivity and management relations**

Multiple correlation coefficient	Coefficient of determination	Adjusted coefficient of determination	Standard error of approximation
0.706	0.498	0.497	9.987

The results of table indicate that the multiple-correlation coefficient is equal to 0.70 and the coefficient of determination equal to R Square=0.49 and also the adjusted coefficient of determination equal to 0.49 (p=0.05 and F=305.821). Therefore, the observed coefficient of determination indicates that the management relations explain about 49% of variance in employee productivity as the dependent variable in Iran Khodro Co.

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**Table 14: Coefficients of variables associated with regression equation**

Independent variable	Non-standardized coefficients		Standardized coefficients Beta	t	Significance level
	B	Standard error			
Constant value	23.800	2.038		11.680	0.00
Management relations	0.891	0.051	0.706	17.488	0.00

As shown in Table, the multiple-correlation between management relations and productivity indicates that the management relation is able to explain the dependent variable with beta value of 0.70; in other words, a one unit increase in standard deviation in increased management relations will lead to standard deviation of 0.70 in increased productivity.

According to the coefficients of table, the regression line equation is as follows:

$$\text{Productivity} = 23.800 + (0.891) \text{ Management relations}$$

**Seventh sub-question:** Is there a correlation between the employee productivity and organizational identity in Iran Khodro Co?

**Table 15: Summary of regression results for the correlation between the employee productivity and organizational identity**

Multiple correlation coefficient	Coefficient of determination	Adjusted coefficient of determination	Standard error of approximation
0.550	0.303	0.300	11.775

The results of table indicate that the multiple-correlation coefficient is equal to 0.55 and the coefficient of determination equal to R Square=0.30 and also the adjusted coefficient of determination equal to 0.30 (p=0.05 and F=133.608). Therefore, the observed coefficient of determination indicates that the organizational identity explains about 30% of variance in employee productivity as the dependent variable in Iran Khodro Co.

**Table 16: Coefficients of variables associated with regression equation**

Independent variable	Non-standardized coefficients		Standardized coefficients Beta	t	Significance level
	B	Standard error			
Constant value	35.202	20.085		16.885	0.000
Organizational identity	2.624	0.227	0.550	11.559	0.000

As shown in Table, the multiple-correlation between organizational identity and productivity indicates that the organizational identity is able to explain the dependent variable with beta value of 0.55; in other words, a one unit increase in standard deviation in increased organizational identity will lead to standard deviation of 0.55 in increased productivity.

According to the coefficients of table, the regression line equation is as follows:

$$\text{Productivity} = 35.202 + (2.624) \text{ Organizational identity}$$

**Discussion**

According to the first finding of this study, there is a significant correlation between the organizational culture and employee productivity in Iran Khodro Co. The findings of this study are consistent with the research by researchers such as Ahmadi (2011), Pourkazemi and Shaker-Navaei (2004), and Adin *et al.*, (2013). Ahmadi (2011) indicated in his research that all ten variables of organizational culture are correlated with school productivity. According to the second research finding, there is a significant correlation between the individual creativity and employee productivity in Iran Khodro Co. The findings of this study are consistent with research by Ahmadi and Setarg (2009). They have concluded that there is a significant correlation between organizational culture and efficiency. According to the third finding of

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this study, there is a significant correlation between the ambiguity tolerance and employee productivity in Iran Khodro Co. and the research findings are consistent with studies by Nasiripour *et al.*, (2009). Nasiripour *et al.*, (1388) have concluded that there is a significant correlation between the organizational culture and productivity. According to the fourth finding of this study, there is a significant correlation between control system and employee productivity in Iran Khodro Co. and the research findings are consistent with research by Kheradmand and Nazem (2010). Kheradmand and Nazem (2010) have found in their study that there is a significant and positive correlation between the participative, hierarchical and rational culture with employee performance.

According to the fifth finding of this study, there is a significant correlation between the reward system and employee productivity in Iran Khodro Company. The findings of this research are consistent with research by Zheng (2005). His findings indicate that four types of organizational culture (consistency, mission, participative and continuity culture) can be created according to the correlation between the environmental demands and organizational culture and strategy. He has concluded that there is a significant correlation between organizational culture and effectiveness. According to the sixth finding of this study, there is a significant correlation between the communication model and employee productivity in Iran Khodro Co. and the research findings are consistent with research by Matthew (2007), Emota and Entiota (2011). According to the seventh finding of this study, there is a significant correlation between the management relations and employee productivity in Iran Khodro Co and the research findings are consistent with research by Wallace and Weese (1995), Asadi and Rahavi (2004). Wallace and Weese (1995) have found that the leading and successful organizations have strong and positive culture. According to the eighth finding of this study, there is a significant correlation between the organizational identity and employee productivity in Iran Khodro Co. and the research findings are consistent with research by Bordbar *et al.*, (2009). The results of their research indicate that there is a positive and significant correlation between the organizational culture and the managers' productivity in such these companies and also between dimensions, namely, the creativity, support, cohesion and integrity, control, identity, reward system, compromise with conflict phenomena, and communication models with productivity.

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