

## **THE EVALUATION OF ORGANIZATIONAL INTELLIGENCE AND ITS COMPONENTS (CASE STUDY: MAIN OFFICE OF TAX AFFAIRS OF LORESTAN OFFICE)**

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### **ABSTRACT**

The present study aimed to evaluate organizational intelligence and its components among the staffs of main office of tax affairs of Lorestan province in 2011. The study is descriptive-correlation design. The study population is 262 and the sample size is based on Morgan and Kerjey Table 155 people. Simple random sampling is used to select statistical sample. The data are collected using organization intelligence questionnaire (Albrecht, 2002). The data are analyzed using binominal test, Spearman correlation coefficient and Eta correlation coefficient. The results showed the unsuitable condition of organizational intelligence and its components. There was a positively significant correlation between gender and organizational intelligence ( $P < 0.01$ ). However there is no significant correlation between organizational intelligence and education and work experience ( $P > 0.05$ ).

**Keywords:** *Albrecht, Organizational intelligence, Strategic vision*

### **INTRODUCTION**

Human being is one of the most important elements in management and he is the main focus of management theorists. Human factor is one of the most important factors with important role in sustainability of any organization. The human resources importance is as the success of any organization depends mostly upon the effort, behavior, attitude, personality and intelligence of people to job and organization working in it.

Generally, it can be said, due to the work place changes and the common technologies and its involvement in work life we can talk about organizational intelligence instead of talking about individual intelligence. Due to the more global competitions in economy and its influence on organizations performance, its importance is increased. Understanding the current strategic position is only done by creative and intelligent managers and employees. In other words, if we believe the success of managers and staffs was mostly dependent upon technical skills, the presence of managers and staffs with high analysis capability plays an important role in organizations effectiveness. This success depends mostly upon the managers and staffs intelligence (Edalati Maleki and Jamshidi, 2010).

### **Statement of Problem**

In organizational world (current era), based on the progress of sciences and techniques and formation of new challenges and needs, the organizations will become complex. This meaning is more emphasized when besides great and creative intelligent human source, intelligent machineries play important role in performance of organizations in any modern organization (Hayati, 2006).

In dynamic environments, the organizations are faced with a series of unpredicted situations and controlling them is difficult by a person but an organization can be encountered with difficult conditions by using interactional models among the members, technology and culture (Faghihi and Jafari, 2009).

These interactive models are called the set of organization intellects. This means complex works in an organization are not done by a person and it is the interaction between the technologies, techniques and people helping the organization to do the important duties (Faghihi and Jafari, 2009).

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Albrecht (2003) believed that when smart people are employed in an organization, the organization will tend toward Collective Stupidity. Albrecht referred to three factors of smart people, smart teams and smart organizations to be successful in business. Organizational intelligence is used to avoid Collective Stupidity. Using organizational intelligence components and increasing them in organization are the only solution to Collective Stupidity.

Akgun (2007) believed organizational intelligence increases achieving wisdom in organizations and forms new competitive advantage among them and it can help internal and external organization factors and it can be great step to improve efficiency and effectiveness and increasing organizational productivity.

According to Cakir & Ada (2008), organizational intelligence causes that organizations are considered live creatures as recognizing organizational intelligence helps determining the strengths and weaknesses of an organization.

Simic defined organizational intelligence as the intellectual capability of an organization to solve organizational problem and it focus on combining technical and human capabilities (Faghihi, 2010).

Finally, according to Albrecht (2002), organizational intelligence is the capacity of an enterprise to mobilize all of its available brain power, and to focus that brain power on achieving its mission.

The significance of study

Today, most organizations and people consider intelligence competitive advantage and strategic capability. In the global market, intelligence is the required leverage of leaders and managers. The organizations and managers perceiving strategic value of intelligence can use the differences and diversities to create competitive advantage and superiority in global market. Thus,

Smart people can have considerable effect on management, marketing and product development strategies for customers groups in various countries. These people are valuable assets of organization and they reveal their value during crisis. This aim is more important regarding managers (Rahmani and Tehranipour, 2009). The emergence of social organizations and their increasing development is one of the obvious features of human civilization. The variety is one of the obvious features in management world. Any organization needs smart managers and staffs to achieve their goals and by their multiple intelligences, besides mobilizing the facilities guide the organization to definite goal. Based on the importance of intelligence namely organizational intelligence for managers and staffs of organizations to create creative thinking, discovery of models, analysis of problems and positive and direct effect of this intelligence on their performance and staffs requires the necessity of familiarity with this concept more (Edalati Maleki and Jamshidi, 2010).

Drucker considered a new type of organizations in which intellect is used instead of power and based on this theory, some communities expect development dedicating major share of knowledge not more share of natural resources (Khodadai, 2009).

Also, Albrecht referred to three factors of smart people, smart teams and smart organizations to be successful in business and defined organizational intelligence as the capacity of an organization for the focus of intellectual power on fulfilling organization mission (Edalati Maleki and Jamshidi, 2010).

Review of literature

Organizational intelligence is a new concept in organization and management literature. Organizational intelligence dates back to 1990s and its causes are searched in knowledge management theories and organizational learning. Organizational intelligence (1992) was raised obviously in a paper published by Matsuda titled “organizational intelligence, its importance as a process and product” in international conference of economy in Tokyo.

This paper explained the meaning and concept of organizational intelligence, organizational intelligence process consisting of five elements of organizational intelligence in the form of designing information networks.

Gelin divided organizational intelligence into three classes as 1) Individual intelligence collection, 2) mutual relationship of individual intelligence, 3) organizational intelligence as a bigger system

Leibovitz in the book “creating organizational intelligence, first knowledge management” explained organizational intelligence. He considered organizational intelligence requiring knowledge management functions. He defined organizational intelligence as: The set of all intelligences being applied to create a common view, renovation process and guidance of the entire system. Albrecht

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referred to this issue in 2002 in the book “power of minds at work (organizational intelligence in practice). He raised an Albrecht law in organization and management and it was the result of experience and research (Faghihi and Jafari, 2009).

Albrecht conducted a study “the investigation of organizational intelligence of Australia managers of initial evaluation” in 2003. This study evaluated the comments of a sample of Australian managers regarding “organizational intelligence” about organization and their formations. According to Albrecht, the scores of this study were low. It means that half of questions had score 3 or above of 5 scores (26 questions were less than average).

Another study is conducted as “ the dimensions of organizational intelligence in Romanian companies, human capital perspective” (Lefter, v & Prejmereean.M & Vasilache, 2008). The analysis of the data showed that organizational intelligence was average and above.

\*Many researches have been conducted in Iran regarding organizational intelligence and four cases are as followings:

1- Satari Ghahfarokhi and Abzari (2006) in a study “ the evaluation of the relationship between organizational intelligence components and organizational culture in Foolad Mobarake of Isfahan found that there is a positively significant association between organizational intelligence and its components with organizational culture.

2- Khodadai (2009) in a study “ the relationship between organizational intelligence and knowledge management in physical education offices of Azarbayijan Sharghi and Gharbi” found that there is a positively significant association between sub-system of knowledge management and all components of organizational intelligence and total organizational intelligence.

3- Hamidzade (2008) in the study “evaluation of the relationship between leadership style and organizational intelligence in state offices of Qom city” showed that there is a significant association between transformational leadership styles and non-interfering styles and organizational intelligence. The organizations using transformational leadership style are more successful in increasing the organizational intelligence and the more leadership style is inclined to non-interfering, organizational intelligence is reduced.

4- Akbari Dibavar (2010) in a study “the evaluation of organizational intelligence relationship with organizational agility in cultural heritage, tourism and handicrafts of Azarbayijan Sharghi province” found the following results: There is a positively significant association between organizational intelligence and organizational agility. Also, there is a positively significant association between components of organizational intelligence including shared destiny, inclination to change, unity and agreement, morale, knowledge application and performance pressure with organizational agility but there is no significant association between organizational agility and strategic vision.

## **Study purposes**

Evaluation of organizational intelligence and its components among the staffs of tax affairs main office of Lorestan province.

The identification of the relationship between organizational intelligence and demographic variables (gender, education and work experience) among the staffs of main office of tax affairs of Lorestan province.

## **Study questions**

Are organizational intelligence and its components at good condition among the staffs of main office of tax affairs of Lorestan province?

Is there any significant association between organizational intelligence and demographic variables (gender, education and work experience)?

## **STUDY METHODOLOGY**

This study is applied in terms of purpose and descriptive-survey in terms of data collection. The study population of this study is the staffs of main office of tax affairs of Lorestan province in 2011 and they were 262 people. The sample size was determined 155 by Kerjegy and Morgan Table and they were selected by simple random sampling.

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Based on sample size, 155 questionnaires were selected among the staffs by researcher. They were analyzed after completion, review and numbering.

Standard questionnaire of Albrecht (2002) was used to evaluate organizational intelligence in the study.

For the first time, validity and reliability of standard organizational intelligence questionnaire of Albrecht were supported in Iran by Satari Ghahfarokhi and Abzari (2006) and again they were supported by Kohan sal (2009) in Azad University of Marvdasht. Cronbach's alpha was reported as 0.92.

To determine reliability of questionnaire, Cronbach's alpha was used and this coefficient was 0.96 for organizational intelligence questionnaire.

## DATA ANALYSIS METHOD

SPSS software, version 17 was used for data analysis. Descriptive and inference statistics were used based on the type of data and variables to show the results. At first, demographic variables of respondents (gender, education and work experience) were described using frequency distribution and column charts. Then, by classification of scores of organizational intelligence and its components, frequency distribution tables were formed. Binominal test, Spearman correlation coefficient and Eta correlation coefficient were used to evaluate the questions.

## RESULTS

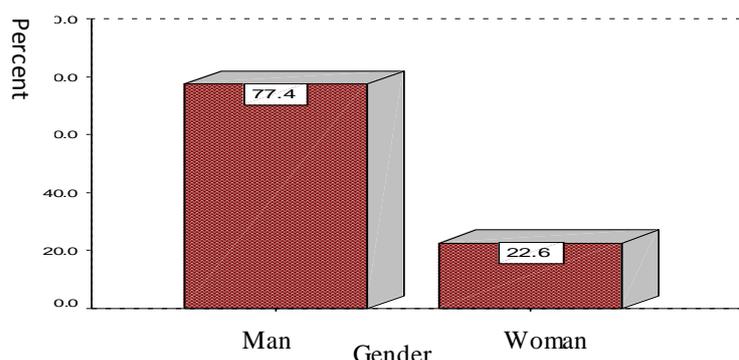
### Description of demographic variables

The demographic variables of respondents (gender, education and work experience) are described using frequency distribution tables and column charts.

#### \*Description of respondents in terms of gender

**Table 1-: Frequency distribution and percent of respondents in terms of gender**

Cumulative percent	%	F	Gender
77/4	77/4	120	Man
100/0	22/6	35	Woman
	100/0	155	Sum



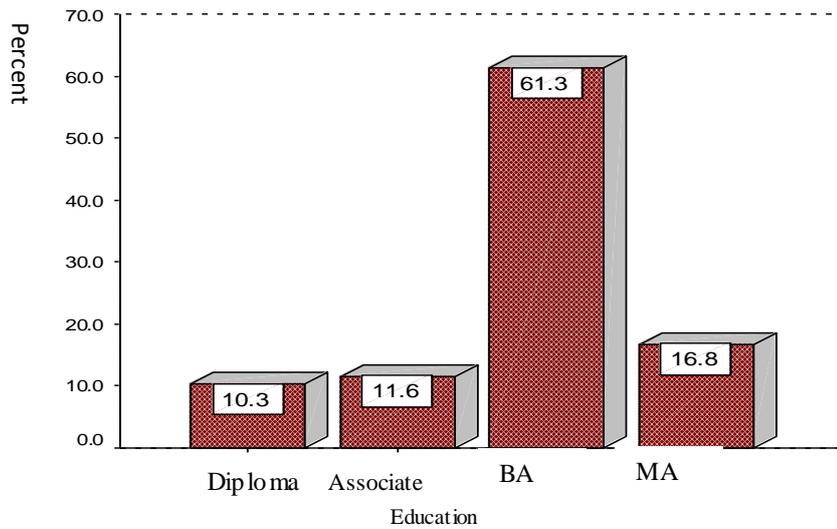
**Chart 1- Percent distribution of respondents in terms of gender**

#### \*Description of respondents in terms of education

**Table 2-: Frequency distribution and percent of respondents in terms of education**

Cumulative percent	%	F	Education
10/3	10/3	16	Diploma
21/9	11/6	18	Associate
83/2	61/3	95	BA
100/0	16/8	26	MA
	100/0	155	Sum

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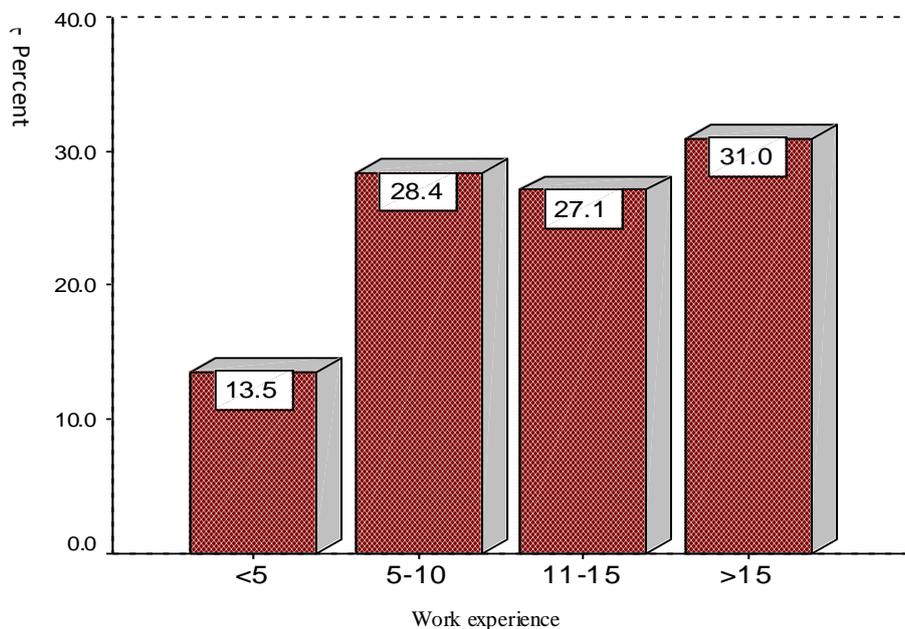


**Chart 2- Percent distribution of respondents in terms of education**

**Description of respondents in terms of work experience**

**Table 3-: Frequency distribution and percent of respondents in terms of work experience**

Cumulative percent	%	F	Work experience
13/5	13/5	21	Below 5 years
41/9	28/4	44	5-10 year
69/0	27/1	42	11-15 year
100/0	31/0	48	Above 15 years
	100/0	155	Sum



**Chart 3- Percent distribution of respondents in terms of work experience**

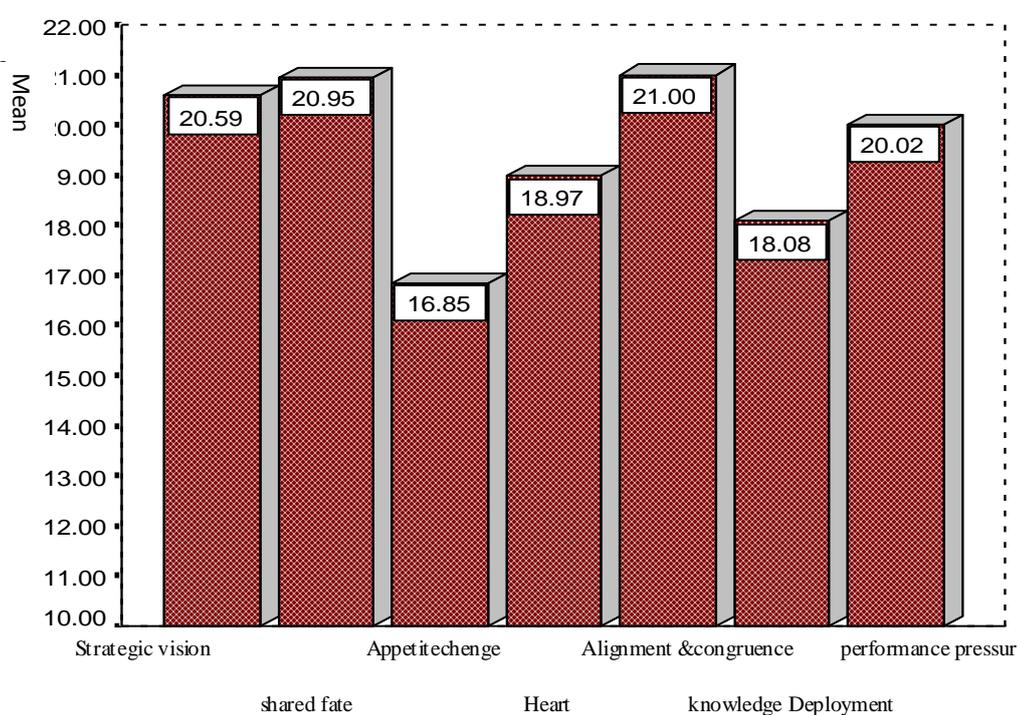
**\*Description of organizational intelligence scores and its dimensions**

To evaluate each of the organizational intelligence components, 7 questions with 5-Likert scale (1-5) were used and the scores of each component was ranging 7-35 and organizational intelligence scores (total) were ranging 49-245. The descriptive statistics is shown in the following Table:

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**Table 4- Min, Max, Mean and standard deviation of organizational intelligence scores and its dimensions**

SD	Mean	Max	Min	Variables
5/60124	20/5871	35	7	Strategic vision
5/64000	20/9548	32	7	Shared Fate
5/91585	16/8516	35	7	Appetite change
5/95759	18/9742	34	7	Heart
5/46298	21/0000	34	7	Alignment & Congruence
5/55837	18/0839	29	7	Knowledge Deployment
5/23905	20/0194	33	7	Performance pressure
33/08633	136/4710	221	49	Organizational intelligence



**Chart 4- The mean of scores of organizational intelligence dimensions**

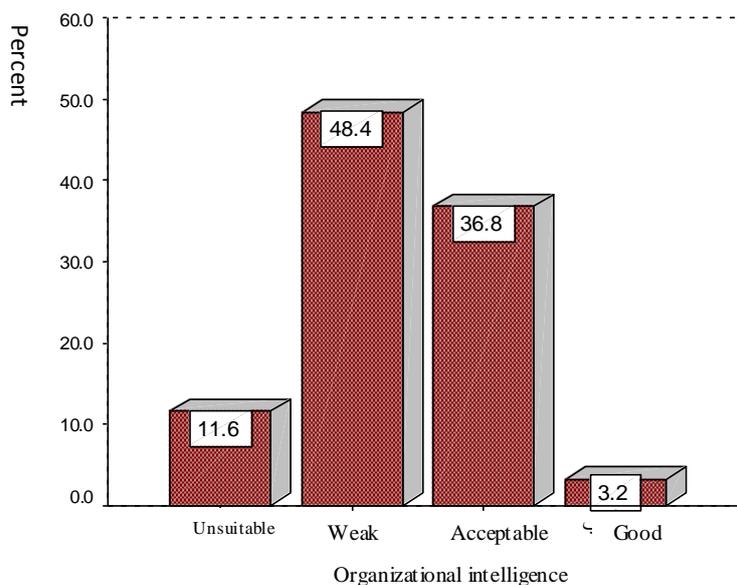
**\*Describing the organizational intelligence condition**

Based on normalized scores of organizational intelligence, scores 49-97 showed unsuitable condition, 98-146 weak, 147-195 acceptable condition and scores 196-245 showed good condition of organization in terms of organizational intelligence. Thus, frequency distribution and organizational intelligence condition of main office of tax affairs of Lorestan province based on the view of staffs are shown in Table 5.

**Table 5- Frequency distribution and percent of organizational intelligence condition**

Cumulative percent	%	F	Organizational intelligence
11/6	11/6	18	Unsuitable
60/0	48/4	75	Weak
96/8	36/8	57	Acceptable
100/0	3/2	5	Suitable
	100/0	155	Sum

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**Chart 5- Percent distribution of organizational intelligence**

\*Are organizational intelligence and its components in good condition among the staffs of main office of tax affairs of Lorestan province?

To answer the above question, frequencies of unsuitable, weak and acceptable and good conditions were compared by binominal test and the results are as followings:

**Table 6- The results of binominal test of organizational intelligence and its components**

Significance level	Ratio	N	Condition	Organizational intelligence and its components
P=0/016	0/60	93	Unsuitable and weak	Organizational intelligence
	0/40	62	Acceptable and good	
P=0/050	0/58	90	Unsuitable and weak	Strategic vision
	0/42	65	Acceptable and good	
P=1/000	0/50	78	Unsuitable and weak	Shared fate
	0/50	77	Acceptable and good	
P=0/001	0/77	120	Unsuitable and weak	Appetite chang
	0/23	35	Acceptable and good	
P=0/001	0/63	98	Unsuitable and weak	Heart
	0/37	57	Acceptable and good	
P=0/748	0/52	80	Unsuitable and weak	Alignment & Congruence
	0/48	75	Acceptable and good	
P=0/001	0/69	107	Unsuitable and weak	Knowledge Deployment
	0/31	48	Acceptable and good	
P=0/002	0/63	97	Unsuitable and weak	Performance pressure
	0/37	58	Acceptable and good	

As shown in Table 6, among organizational intelligence components, only shared destiny and unit and agreement had intermediary relationship (there is no significant association between suitable and unsuitable conditions,  $P > 0.05$ ) but other factors had unsuitable condition (there is a significant association between good and unsuitable conditions,  $P < 0.05$ ) and the unsuitable condition was more than good condition.

\*Is there any association between organizational intelligence and demographic variables (gender, education and work experience)?

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As organizational variable has interval scale and education and work experience had rank scales, to investigate the relationship, Spearman correlation coefficient was used. Due to nominal variable of gender, to investigate the relationship between this variable and organizational intelligence, Eta correlation coefficient is used and the results are shown in Table 7.

**Table 7- Correlation coefficients between organizational intelligence and demographic variables**

Organizational intelligence	Correlation coefficient type	Variables
0/225**	Eta coefficient	Gender
0/005	Significance level	
155	N	
-0/071	Spearman coefficient	Education
0/380	Significance level	
155	N	
-0/121	Spearman coefficient	Work experience
0/135	Significance level	
155	N	

\*\*P<0/01 \*P<0/05

**DISCUSSION AND CONCLUSION**

155 staffs of main office of tax affairs of province participated in the study including 35 women and 120 men. From education terms, there were 16 diploma, 18 associate, 95 BA and 26 MA. In terms of work experience, 21 people had work experience below 5 years old, 44 staffs with experience 5-10 year, 42 staffs with experience 11-15 and 48 staffs with experience above 15 years. Regarding organizational intelligence, percent distribution of the view of staffs was as:

11.6% considered the condition unsuitable, 48.4% weak, 36.8% acceptable and 3.2% considered organizational intelligence in main office of tax affairs of Lorestan as suitable.

Also, organizational intelligence components are valued as followings:

58% of staffs considered strategic vision unsuitable and weak, 42% as acceptable and good. They considered shared fate as unsuitable and weak by 50% of staffs and 50% as acceptable and good, Appetite change was considered unsuitable and weak by 77% of staffs, 23% acceptable and good, Heart was considered unsuitable and weak by 63% of staffs, acceptable and good by 37%, Alignment& congruence was considered weak and unsuitable by 52% of staffs, 48% considered it acceptable and good, knowledge deployment was considered by 69% of staffs as unsuitable and weak, 31% as acceptable and good, performance pressure was considered by 63% of staffs as unsuitable and weak, 37% considered it as acceptable and good. Based on the main question of the study and Table 6, among organizational intelligence components, only shared fate and Alignment & congruence had intermediary relationship (there is no significant association between suitable and unsuitable conditions, P>0.05) but other factors had unsuitable condition (there is a significant association between good and unsuitable conditions, P<0.05) and the unsuitable condition was more than good condition. This result is not in line with the studies of Satari and Abzari (2006), Khodadai (2007), Hamidizade (2008), Akbari Dibavar (2010) but it is in line with the study of Albrecht (2003) and Lefter, v & Prejmereean.M & Vasilache (2008). Regarding second question and Table 7, there is a positively significant association between gender and organizational intelligence (P<0.01) but there is no significant association between organizational intelligence and education and work experience (P>0.05). As shown in Table 4, the mean of organizational intelligence and its 7 components were average and above average. This is in line with the results of the study of Albrecht (2003) in Australia and Lefter, v & Prejmereean.M & Vasilache (2008) in Romanian companies. Finally, it is proposed that organizations do the followings to increase organizational intelligence:

Formulating strategic vision document as written.

Creating collective agreement about strategic vision.

Giving worth to knowledge, education and ability of people as a strategic source

Using participative management and promoting participation culture

Considering the work life quality of staffs

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Creating required space to accept change and new ideas and encouraging the employees to innovation and presenting recommendation

Learning as a need and continual flow is considered.

The feedback of employees performance is presented rapidly and regularly to them.

Compensating service (paying wage, rewards and etc.) or just personal promotion based on performance.

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