

# Relationship between Good Organizational Governance and the Performance Improvement of the Employees at Tax Affairs Organization in Ardebil Province

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## Abstract

Regarding the purpose, the present study is an applied research and descriptive - correlational in terms of procedure and aims to investigate the relationship between good organizational governance and the performance improvement of the employees at Tax Affairs Organization in Ardebil province. Desk study and a questionnaire were used for data collection. The data collection tools in this study were standardized questionnaires, the validity and reliability of which were confirmed. The statistical population of this study included all male and female employees in Tax Affairs Organization in Ardebil province who were 320 individuals and the simple random sampling method was used to distribute the questionnaires. To investigate the hypothesis and analyze the data, the descriptive and inferential statistics were used in SPSS software. The Kolmogorov-Smirnov test results with the significance level of  $P > 0.05$  indicated the normal statistical distribution of the good organizational governance. Based on these findings, the Spearman correlation coefficient was used to examine the hypotheses. The results indicated that there is a significant relationship between the good organizational governance and its dimensions with the performance improvement of the employees in Tax Affairs Organization in Ardabil province.

**Keywords:** Good organizational governance, Performance improvement, Ardabil Tax Affairs Organization.

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## Introduction

The modern world is faced with challenges that are the result of the transformation of scientific and technological progress and the presented new organizational and social needs (Sharifzadeh and Gholipour, 2003). One of the most important challenges facing the public sector is in the production of public goods and services. One of the most important and also new issues that discussed in literature since 1980s onwards is the issue of good governance. This has gained a special place in the developing countries to establish and institutionalize civil society. Good governance in terms of "good governance in the public service commission" has indicators such as result-orientation, the effectiveness of roles and responsibilities, promotion of values, transparency, capacity building and accountability that the effort towards meeting these indicators will not be possible with common structure and organizational procedures. So, inevitably it is necessary to turn into the use of new methods (The Independent Commission on Good Governance in Public Services). On the other hand, there are different views about the nature of organizational performance. Organizational performance can be viewed only as the record of the obtained results. Individually the organizational performance is the record of successes of an individual. Kane believes that the organizational performance is "what person leaves regardless of the goal". Bernardini et al believe that "organizational performance should be defined as the results because the results have the strongest relationship with its strategic objectives, customer satisfaction and economic roles" (Armstrong, 2006, p. 4). Therefore, organizational performance leads to the conclusion that both inputs (behavior) and outputs (results) should be considered when managing the enterprise performance of the groups and individuals. "Hovtel" calls this model as the Corporate Performance Management hybrid model. This model covers the level of ability, competence and success such as goal setting and reviewing the goals. Thus, the present paper attempts while defining good governance analyze its relationship with the performance variable of staff in Ardabil province Taxation Affairs Organization.

## Theoretical framework

### *Good corporate governance*

Good governance is among the issues that have been focused by the scientific and international communities in the last two decades. Researchers have defined good governance with approaches (Process, liberalism and socialism), dimensions (political, economic and social) and goals (economic development, political development and sustainable human development). But given the complexity and interdisciplinary nature of governance topic it is necessary to have a macro view of the issue and instead of providing various features of good governance, models are designed that consider different dimensions of this multi-dimensional phenomenon.

Brian Mc.Lalin is the first theorist who proposed the concept of good governance in 1973 (Kazemian, 2007: 5). In his view, "urban government" should be more responsive to the trend of changes; his actions would be more relevant to the urban issues and their changes, be more responsible and accountable to the community and act better as an important part of the social learning system and finally play an important role in predicting, detecting and welcoming future. These processes rely on the existence of

communication network within official organizations, planning systems and the communication networks between those organizations and urban communities (Barakpoor, 2009).

According to the United Nations Development Program's definition good governance is the management of public affairs based on the rule of law, an efficient and fair judicial system and wide public participation in the governance process and as such features in a country are higher, the governance of the country is better (Heidari, 2004, 94). Institute of Technology, Tokyo defines governance as a complex set of values, norms, processes and institutions through which the society manages the development process and disposal of the administration's conflicts officially and unofficially. Governance requires the civil society government that finds its true sense in all local, national, regional and global levels (Heidari, 2004, 94). Good governance is a pattern that is proposed to modify the public sector, strengthen civil society, and accelerate the private sector participation. Good governance is discussed as the result of World Bank's policy changes from the downsizing government to government empower approach which is the result of the failed policies of the World Bank in East bloc countries in the late 1980s and early 1990's. The purpose of UNDP in defining and determining governance characteristics is that people living in the same society have good governance (Jasbi, 2009).

### *Organizational aspects of good governance*

#### Employee Performance

Improving organizational performance, systematic application of pre-designed behavioral science application in organizational development, improving and re-strengthening of strategies, structures, and processes are the issues that lead to organizational effectiveness (Thomas J. et al., 2007). Improving organization is professional background in social activities and research in practice. Improving the organization includes a wide range of the activities that comprise the endless changes. Creating a team with members of senior management, structural changes, and job enrichment are of the examples of organizational performance improvement.

Organizational-job performance assessment at organization aspect is usually synonymous with effectiveness of activities. Effectiveness means the extent of achieving the aims and objectives with the feature of effectiveness of activities and operations. Job performance evaluation in the aspect of the quality of the use of resources is expressed in terms of performance indices. If in the simplest definition, we attribute the ratio of input to output as efficiency, organizational performance evaluation system, in fact, is the performance of management decisions measures the optimal use of resources and facilities. Improving organizational performance is the result of real effort that leads to increased profitability, increased customer satisfaction, and sense of security in customers.

#### Performance factors

In general, performance factors include behavioral and process factors (Jalali, 1998, p. 133).

## Behavioral factors

Respecting administrative regulations and discipline: the timely presence and accomplishing tasks on time (Jalali, 1998, p. 133).

Proper attitude with clients: a good behavior, efforts to resolve problems, and follow-up, intimate relationships with colleagues.

Seriousness at work: Instant execution of orders, following the assignments.

Efforts to learn things: efforts to increasing job skills, learning different skills, participation in training classes.

Flexibility: admitting mistakes, refraining too much insisting about one's own opinions on the acceptability of other tips.

Reliability: mastering the work and doing it without constant supervision, attention to the correctness and accuracy of work, caring at work, feeling responsibility, taking care of equipment.

Spontaneity: diagnosis of the needs of the unit and providing solutions tailored to meet the needs and motivation to work and to establish constructive work, and welcoming the implementation of activities.

## Process variables

Factors related to working conditions: the provision of equipment, proper equipment, job security, and liability insurance (Jalali, 1998, p. 133).

Factors related to the respect and prestige: respect by managers, establishing intimate relationships, encouragement among the people, resolving discrimination and injustice.

Factors related to educational needs and providing promotion conditions: holding re-training courses, providing research and scientific research context, and strengthening informatics.

Factors related to participation: participation in decision-making, asking for people's opinions on the topic associated with them.

Factors related to qualified and competent management.

## Research background

Sameti et al (2011) is a study titled "the analysis of the effect of good governance on the Human Development Index Case Study: South East Asian countries" in the period 2000-2009 using panel data evaluated the effect of good governance indicators on human development index. The results of the model indicate that the quality of good governance calculated by good governance indicators has a positive and statistically significant effect on HDI.

Alizadeh and Arab (2009) in a study titled “the effect of good governance on human development”, presented at the Sixth International Conference on Management, examined the effect of good governance on human development index over 57 countries selected by systematic random sampling using the cross-sectional data in 2006. The results show significant effect of governance on human development in the communities under study.

Rudra and Sanyal (2011) in the study titled “good governance and human development in the States of India” analyzed the effect of good governance on human development in India over the past two decades using panel data. In this study they used good governance hybrid index as an explanatory variable. The results of this study show that good governance and human development of the previous periods determine the current human development in India.

Diaswati Mardiasmo (2007) his MA thesis at the University of Brisbane in Australia titled “the implementation of good governance and the integration of international standards” analyzed the level of good governance implementation and its constraints as well as the integration of good governance standards at the international level.

Whittington et al (2004) in a study titled “performance evaluation to set the target in the job” indicates that there is considerable evidence in the literature that indicates goal difficulty and goal setting in the job provides the required context to make the work challenging for the employees.

## **Questions and hypotheses**

### *Major question*

What is the relationship between good governance and improved employee performance?

### *Minor questions*

What is the relationship between result orientation and improved employee performance?

What is the relationship between the effectiveness of the roles and tasks and improved employee performance?

What is the relationship between value improvement and improved employee performance?

What is the relationship between transparency and improved employee performance?

What is the relationship between building capacity and improved employee performance?

What is the relationship between responsiveness and improved employee performance?

## *Hypothesis*

*H<sub>1</sub>: There is a relationship between good governance and improved employee performance.*

*H<sub>1a</sub>: There is a relationship between result orientation and improved employee performance.*

*H<sub>1b</sub>: There is a relationship between the effectiveness of the roles and tasks and improved employee performance.*

*H<sub>1c</sub>: There is a relationship between value improvement and improved employee performance.*

*H<sub>1d</sub>: There is a relationship between transparency and improved employee performance.*

*H<sub>1e</sub>: There is a relationship between building capacity and improved employee performance.*

*H<sub>1f</sub>: There is a relationship between responsiveness and improved employee performance.*

## **Research method**

This study is applied in terms of purpose and it is a field study in terms of data collection and the correlation method is used to explain the research hypotheses.

The statistical population consisted of all Taxation Affairs Organization employees in Ardebil province which is 320 subjects. Morgan's Table is applied to determine the sample size that according to this table the sample size is 175 subjects. The random sampling method is applied in the present study. After distributing the questionnaires 169 forms are returned.

The most important methods of data collection in this study are as follows: library study: in this part in order to collect the data in the field of theoretical bases and literature the library resources, articles, books and Internet are applied.

(Hafeznia, 2006, p. 242) Field research: In this field in questionnaire is applied to collect data and for the analysis of data. In terms of statistical inference, the purpose is to generalize the results of the study to a larger group called community.

In the present study to analyze the data and verify hypotheses while coordinated by professors, the descriptive analysis methods such as the frequency distribution table, frequency percentage, mean and graph and inferential analysis methods such as the normalization of society and the correlation coefficient and regression analysis are applied that all these calculations have been performed using SPSS version 20.

After identifying the demographic characteristics of the population, the descriptive statistics of the research variables are mentioned and then using Kolmogorov-Smirnov test the normality and non-normality of the data will be confirmed and the hypotheses are tested based on the normality test the parametric tests (in case of normality) and nonparametric tests (in case of non-normality).

### Analysis of the results

The most important stage of any study is to obtain an answer that the researcher has been looking for. In this regard the data analysis is the ultimate goal of a study. In this study 175 questionnaires are distributed among the Taxation Affairs Organization employees in Ardabil province that 169 forms are returned.

#### *Descriptive statistics of variables*

In case of good corporate governance and employee performance, there is a total score, in general the weighted average for each of the variables and dimensions related to the descriptive data are observed in Table 1.

Table 1 Descriptive statistics of research variables

Variable	No	Mean	No of Q	Weighted average
Result orientation	169	15.047	4	3.761
Effectiveness of the roles and tasks	169	11.757	3	3.919
value improvement	169	11.065	3	3.668
Transparency	169	14.355	4	3.588
Building capacity	169	11.42	3	3.806
Responsiveness	169	14.437	4	3.609
Good corporate governance	169	78.082	21	3.718
Employee performance	169	48.668	14	3.476

#### *Inferential analysis*

Before analyzing the research hypotheses Kolmogorov-Smirnov test is used for all variables. The rationale for using this test is to determine the normality of data that in case of normality the parametric tests (Pearson correlation and linear regression) are used and if they are no normal the nonparametric tests (Spearman correlation and linear regression) will be applied. The test data are presented in the table 2.

Table 2 The results of Kolmogorov-Smirnov test

Statistical Indicators	Good corporate governance	Performance
Mean	78.082	48.668
Z	1.776	1.245
Sig.	0.004	0.090

According to Table 2, the level of significance for each good corporate governance and employee performance variable is 0.004 and 0.09. As it can be observed good corporate governance follows a normal distribution (significance level  $< 0.05$ ). As for Pearson's correlation coefficient each variable should have a normal distribution, Spearman correlation coefficient is applied in all hypotheses.

The results of the study in terms of the gender frequency indicate that 32 subjects are female and the rest (137 subjects) are male.

- The majority of respondents have bachelor's degree (n=77)
- The age of most respondents is between 40 and 50 (n=75)
- The highest number of subjects in relation with the work experience is beyond 21 years that included 44 subjects.
- To determine the average based on the number of questions the weighted average is used that the results showed that the weighted average of the good corporate governance and employee performance is above the average (3). Also among different dimensions of good corporate governance the highest weighted average is associated with effectiveness of the roles and tasks variable and the lowest one is associated with transparency variable.

### *The analytical results*

The K & F test results with the significance level of  $p > 0.05$  indicates normal distribution of data (good corporate governance).

### *The results of research hypothesis test*

To examine the relationship between good corporate governance and improved employee performance the Spearman correlation coefficient is used that the correlation coefficient (0.763) is obtained at the level of significance 0.000 that indicates the presence of a significant relationship between these two variables which means that there is significant positive relationship between good corporate governance and improved employee performance among Ardabil province Taxation Affairs Organization employees.

To examine the relationship between result orientation and improved employee performance the Spearman correlation coefficient is used that the correlation coefficient (0.551) is obtained at the level of significance 0.000 indicates the presence of a significant relationship between these two variables which means that there is significant positive relationship between result orientation and improved employee performance among Ardabil province Taxation Affairs Organization employees.

To examine the relationship between effectiveness of the roles and tasks and improved employee performance the Spearman correlation coefficient is used that the correlation coefficient (0.607) is obtained at the level of significance 0.000 indicates the presence of a significant relationship between these two variables which means that there is

significant positive relationship between effectiveness of the roles and tasks and improved employee performance t among Ardabil province Taxation Affairs Organization employees.

To examine the relationship between value improvement and improved employee performance the Spearman correlation coefficient is used that the correlation coefficient (0.501) is obtained at the level of significance 0.000 indicates the presence of a significant relationship between these two variables which means that there is significant positive relationship between value improvement and improved employee performance t among Ardabil province Taxation Affairs Organization employees.

To examine the relationship between transparency and improved employee performance the Spearman correlation coefficient is used that the correlation coefficient (0.675) is obtained at the level of significance 0.000 indicates the presence of a significant relationship between these two variables which means that there is significant positive relationship between transparency and improved employee performance t among Ardabil province Taxation Affairs Organization employees.

To examine the relationship between building capacity and improved employee performance the Spearman correlation coefficient is used that the correlation coefficient (0.584) is obtained at the level of significance 0.000 indicates the presence of a significant relationship between these two variables which means that there is significant positive relationship between building capacity and improved employee performance t among Ardabil province Taxation Affairs Organization employees.

To examine the relationship between responsiveness and improved employee performance the Spearman correlation coefficient is used that the correlation coefficient (0.711) is obtained at the level of significance 0.000 indicates the presence of a significant relationship between these two variables which means that there is significant positive relationship between responsiveness and improved employee performance t among Ardabil province Taxation Affairs Organization employees.

## **Recommendations**

The suggestions related to good corporate governance in Ardabil province Taxation Affairs Organization include: Managers should understand how the employees interpret responsibility with a detailed review and where is the difference between the impressions of the staff and give them confidence about their success and provide them with a positive feeling about their competence through encouraging employees when they are exhausted.

In case of result-orientation it is recommended to employees in Taxation Affairs Organization of Ardabil province to respond the tax payers' questions to make the things transparent.

In case of effectiveness of the roles and tasks the employees the employees improve the purposes of Taxation Affairs Organization by providing regular reports as well as being committed to their responsibilities within the organization.

In case of the value improvement the managers can present examples of organization's staff following the values in the workshops.

In case of transparency managers could make the employees aware of the decisions through in-house publications.

In case of capacity building the managers could consider people with various skills in the employment process.

In case of responsiveness the managers could consider the improvement of opportunities for people to appeal their decisions.

Also in terms of explanation and prediction of employee performance and effective practical measures that can improve the performance of employees in the future include:

- Tasks should be given to the people with more authority. Management practice is partnership and the individuals are free to perform their job in a general framework in different ways. There is a focus on delegation of authority and employee involvement in work-related decisions which an important strategy. The supervisors who are able to use proper consultation with their employees after consultation and obtaining constructive suggestions and the use and application of the forces have provided them with some of their responsibility and have entered them to the areas of planning, implementation and assessment for employee participation and problem solving. These tasks might provide controlling the members in indirect ways and also increase their job satisfaction.

- Allocating sufficient resources for employees who are facing financial problems to increase the staffs' efficiency.

- Modifying the bonus and advantages to the according to field of work.

- Notifications instead of humiliation based in case of need.

- Employee participation in decision making.

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