Is the financial performance of the National Iranian Oil Company affected by Goals, Structure and Leadership of the Company?

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Abstract: By creating a suitable organizational climate, management of an organization can pave the way for growth and development of staff and encourage them to attain their best performance. Creating motivation and enthusiasm can eventually lead to improved organizational performance and consequently to improved financial performance. This study is aimed at investigating the relationship between goals, leadership and structure and the Iranian National Oil Company's financial performance. For this purpose, a descriptive study has been conducted using random sampling from the research population of managers and experts of the National Iranian Oil Company, where 150 persons were selected as samples. Data was collected in this study using a questionnaire. For assessing the reliability of the mentioned questionnaire, the Cronbach's alpha method was used which was equal to 0.92;while its validity was measured on the basis of designing the questionnaire based on the theoretical model and review of literature, and also the validity of the expert judges (confirmation of professors and experts) has been used. For analysis of the collected data, factor analysis and structural equation modeling was used. For this purpose, components of organizational climate were considered based on Weisbord model and three hypotheses were developed based on this model. Results indicate that: (1)the model has a good fit, (2)organizational climate has a significant relationship with financial performance, and (3)all dimensions of the organizational climate, i.e. goals, structure and leadership, have significant relationship with the financial performance; finally, the order of dimensions of organizational climate in terms of significance of their relationship with organizational climate are as follows: leadership, goals and structure. Accordingly, several recommendations have been offered, the most important of which include: involvement of staff in formulation of organizational goals of their unit, directing the organization towards a participatory organization, use of organic structures appropriate to units and work groups, choosing a leadership style suitable for the conditions of the organization, use of appropriate incentive systems to improve employees' performance, improving communications networks of the works, improved and targeted welfare facilities of organization appropriate to the age and experiences of personnel and use of automation technologies, intranet etc.

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Introduction

To survive, organizations need flexible organizational environments that encourage creativity and personal responsibility and allow individuals to be responsible for their works. In this context, improving the organizational climate is one of the obvious needs of organizations. Results of researches suggest that satisfaction of members of organizations with the climate of their organizations is a fundamental value itself. It can be said that, among other variables related to organizations, organizational climate is one of the unique factors that can be manipulated so that it would help the realization of organizational goals. The researchers have acknowledged that improvements in organizational climate will result in an increase in job satisfaction (Johnston, 2004:131).Undoubtedly, the corporate culture included into organizational climate can also lead to the emergence of behaviors and attitudes in employees, which in turn will be effective in enhancing the value of organization and providing better results (Lytle & Walker, 2007:318).

Research Reproduction and the Necessity of the Research

Human capital in the present century has become as one of the major challenges for organizations. Human capitals and employees are the very same factors that allow organizations obtain their places, and their job satisfaction will realize the organizations' goals. Now, with regard to the fact that staff should act in an organization and its environment to achieve organizational goals, the conditions and characteristics of organizational climate can be effective in job satisfaction and consequently in realization of organizational goals (financial performance) (Mirkamali,2001:53).

The importance of human resources in management of organizations becomes more and more. Individuals with high quality, appropriate adaptability, the capability of team work, high motivation, being self-controlled and with professional moral values are the most important resource for any organization to be established(I. Bakir Arabac, 2010:164).

Human Resource Management includes all managerial decisions and actions that affect the nature of the relationship between organization and human resources. One of the methods of human resource management is performance management, by which a single, common language can be created for what the organization should achieve and how to achieve it (Yarmohammadian, 2005:19).In fact, performance management of human resources main activities is effective for achievement of better results by organizations through assessment and performance management. This process will be only possible on the basis of agreed frameworks in terms of goals and skills requirements, evaluation and performance improvement, identification and providing training and development needs. This approach to management will pursue the following goals: objectives such as human resource development and creating the necessary reforms for rehabilitation of human resources, identifying future expectations of employees, determining the criteria and resources for improving organizational processes, creating more motivation in human resources, determining the training needs of staff and improving required educational standards, identifying potentials of employees and creating suitable conditions for their growth and prosperity within the organization (Armstrong, 2007:42).Suitable organizational climate can be effective for creating motivation, improving staff morale, increased participation of individuals in decision making and increasing creativity and innovation; and it can be an important source of job satisfaction of employees and vice versa. So any change in organizational climate can lead to immediate and profound changes in how employees work and in their performance (Sabeti, 1999:42), and ultimately will result in the improved organizational performance and consequently improved financial performance.

Improvement of organizational performance and consequently financial performance is the goal that all organizational efforts are conducted to fulfill it. Achieving this goal, more than anything else, depends on a proper management for full utilization of human and material resource of the organization. Among these resources, human resource is the most important source that has a direct impact on performance. On the other hand, providing and maintaining quality of services can be basically key competitive advantage of many organizations (Albrecht and Zemke, 2006:256). In today's highly competitive and changing environment, companies will most probably evaluate their processes one after another (Auckland, 2007:127) so that the services that they offer would be differentiated from the services of their competitors.

On the Other hand, organizational climate of organizational units can be highly effective in the quality of services, responsiveness to customers and customer satisfaction etc, and this influence can ultimately have an impact on the financial performance of the organization. But this important relationship has not been addressed yet in the National Iranian Oil Company. Considering the benefits due to suitable organizational climate and its impact on other organizational components such as employee satisfaction, customer satisfaction, etc and finally enhancing productivity of the organization intensifies its importance.

Review of Literature

Organizational Climate

In describing the organizational climate, more emphasis has been on interpersonal aspects of situations. Some authors have described it as: the degree of management support, attention to new employees and conflicts between or within the divisions of an organization (Schneider et al, 2005:151). Others have defined organizational climate is such a way that it would include organizational constraints and administrative paperwork, degrees of freedom of employees in decision making, reward type and its frequency, the endeavor, risk, warmth and protection (Fiedler and Chemers, 1993:58).The organizational climate is considered by Kopelmanet al as a change at personal level, where they believe that climate "is neither the work place, nor the way people respond to it; however the climate is a perceptional channel or instrument through which the environment's influences on attitudes and behaviors will be determined (Talebpour, 2001:45).

Halpinand Craft (1970) has defined organizational climate as: "the internal characteristics that distinguishes one organization from other organizations and affects the behavior of its individuals". The organizational climate is measured by the employees' perceptions and their descriptions regarding internal characteristics of organization (Halpin & Craft, 1970:161).

According to the definition of Hoy and Miskel, organizational climate refers to the perceptions of employees of general workplace of an organization and is affected by formal and informal organization, individuals' personality and organizational leadership (Hoy and Miskel, 2003:424).

Campbell et al state that organizational climate shows the organization's way of dealing with its members and therefore it can be assumed as organization's personality (Landy, 1980:156). Organizational climate refers to a position and subjective content in a place and time and its relationship with thoughts, feelings, and behaviors of members of an organization (Edric, 2010:17).

Organizational climate include employees' perception of policies, practices and procedures of an organization that lead to the formation of employees' behavior in an organization and as a mediator between organization's environment and behaviors of employees, clarifies the experience of organizations' employees (Patterson et al, 2005:385).

In the book titled "Understanding human behavior in organizations," Wendell et al have noted that the organizational climate is a relatively stable set of perceptions of organizational members about the characteristics of organizational culture, and such perceptions affect feelings, attitudes and behavior of individuals (Akram Goodarzi and Vajiheh Gaminiyan, 2002:40).

James and Jones(1974) understand the organizational climate as a set of organizational attributes and characteristics that are perceived by the employees and its manifestation can be described through exerting processes and relationships of members with environment (Jamshidianet al, 1996:51).

George Litwin and Robert Stringer have defined organizational climate as the "perception of an individual regarding the organization where he/she works and his/her feelings towards organization in terms of some aspects like independence, organizational structure, rewards, considerations, intimacy, support and openness" (Dessler, 1994:111). According to Bloom, the organizational climate includes conditions, forces and external stimuli that affect human beings. He has summarized external stimuli in physical, social and intellectual factors, and has reported the change of climate scope from the innermost social interactions to external cultural and organizational forces (Salehi Hosseini, 1991:45).

Organizational climate is a classified asset that can be of benefit or detriment to a business by describing how the company should use its employees (Hay Groop, 2009:2).

Climate of an organization is the environmental image clearly understood by members of the organization (Noordin & Omar, 2010:151).

Based on another definition, the organizational climate is the "environment where the employees work and it can affect their motivation, performance and job satisfaction" (Seyyed Abbaszadegan, 2005:9).

In the Encyclopedic Dictionary of Management, organizational climate is defined as "the set of view points shared among the majority of senior managers within an organization, particularly with regard to how the organization should behaves towards employees" (Etemadi Ahari, 2006:143).

Dickson has emphasized that the strength of the climate is the agreement between the employees(Dickson et al, 2009:353).

It is inferred from these definitions that organizational climate is a feature that:

1) Makes an organization different from other organizations;
2) Is relatively stable over time; and
3) Can affect people's behaviors.

Organizational Climate Theories

The first study of organizational climate was conducted by Halpin and Craft. They developed the first organizational climate description questionnaire (OCDQ) which was a 100-questions descriptive questionnaire. Through the questionnaire, they identified six main climates in organizations and arranged them along a continuum from closed to open climate that is shown in Figure1(Hoy and Miskel, 2003:426).

F i gure 1: The continuum of organizational climate (Hoy and Miskel, 2003, 426)

In this study and in addition to six major climates in organizations, Halpin and Craftal so identified eight factors affecting the organizational climate including: disengagement, hindrance, spirit, intimacy, production emphasis, aloofness, thrustand consideration (Shirazi, 1994:59).

In 1961, Likert provided a conceptualization similar to the conceptualization of Halpin and Craft for organizational climate. This conceptualization is based on managers and subordinates relations. Based on this conceptualization, the organization is placed on a four-part continuum, i.e. exploitative-authoritarian system, benevolent authoritative system, consultative system and participative system. Likert measurement instrument was based on eight attributes for classification of management systems:

leadership, motivation, communication, interaction-influence process, decision making, goal setting, control and realization of goals Alagheb and, 2005:105).

Litwin and Stringer (1968) have considered eight dimensions for measuring organizational climate including: structure, responsibility, risk, warmth and intimacy, support, standards, conflict and identity (Armstrong, 2007:200).

Donaldet al have considered six dimensions for measuring organizational climate including: organizational support, quality of members of the organization, openness, management style, conflict of organization members and freedom. Their questionnaire has 18questions and each dimension is covered by 3questions (Bowen, 1998:35).

Weisbord (1976) considers 6 dimensions to measure and assess organizational climate which include: purposes, structure, relationships, rewards, leadership and helpful mechanism. These dimensions are shown in Figure 2.

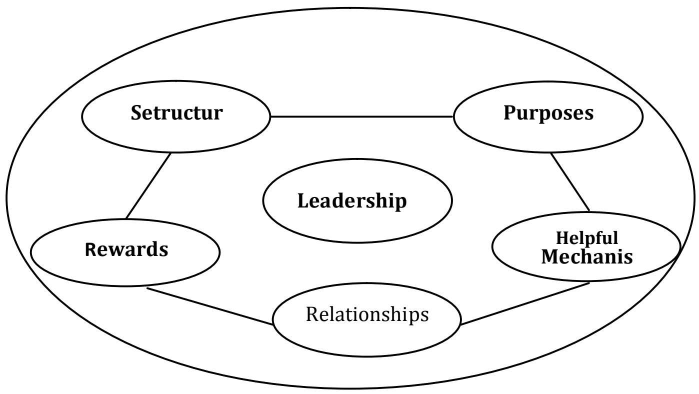

Figure 2: Weisbord Hexagonal Model

Also note that the outer circle is to isolate internal factors and their relationships from environmental factors outside the organization (Jamshidianet al,1996:52). (Jamshidianet al, 1996,52)

Weisbord has identified six critical areas or segments; these segments are the factors that if the organization is seeking to be successful, should properly deal with them (French and H. Bell, 2008:109).

Sergiovanni and Sttarat (1978) in their book titled "Supervision" have considered seven components for measuring organizational climate. These components include: conformity, responsibilities, standards, rewards, organizational clarity, warmth and support and leadership.

Performance

Various definitions have been proposed for "performance" such as: performance is to realize the tasks assigned to human resources by an organization (Cascio, 1995:205).

Performance assessment refers to assessment and measurement process organizations of performance in a specified period so that the expectations and judgment criteria would be clear for assessed organization and it would have been already informed with regard to them (Tabarsa, 1999: 4).

Organizational performance has been attributed to organizational behavior before it would be applied to the branch of management sciences such as production management. Organizational behavior is limited to research in some cases where it affects individuals in an organization and the way in which the individuals affect performance; organizational performance will be studied at three levels (Robbins, 2007:400).

Generally speaking, performance may be studied at three levels, i.e. individual, group and organization; however, according to our research topic, we only investigate organizational performance in this section and will review factors affecting organizational performance and will study existing models for measuring performance.

Factors affecting individual's performance:

1- Capability, 2- personality, 3- learning, 4- perception, 5-motivation and 6- stress

Factors affecting group performance:

1- Relationships, 2- leadership 3- power and policy, 4- inter-group behavior and conflict

Factors affecting organizational performance:

1- Organizational structure, 2- organizational environment, 3- organizational policies and procedures and 4- organizational culture (Mintzberg, 1998:3).

New Models of Organizational Performance Assessment

"Assessment" is one of the widespread discussions engaged by a wide range of disciplines and experts and there are numerous new reports and papers written about it. In addition, many software applications have been developed in this field. However, despite plenty of models and frameworks in this context, some of conceptual models have had the greatest impact on shaping it. Some of these models are explained below.

A) Performance Matrix (1989)

In 1989, Keegan introduced performance matrix and this matrix is shown in Figure3.The strength of this model is that it covers different aspects of organizational performance, including financial and nonfinancial aspects and internal and external aspects in an integrated manner. However, this model does not show the relationships between different aspects of organizational performance clearly (Karimi, 2006:23).

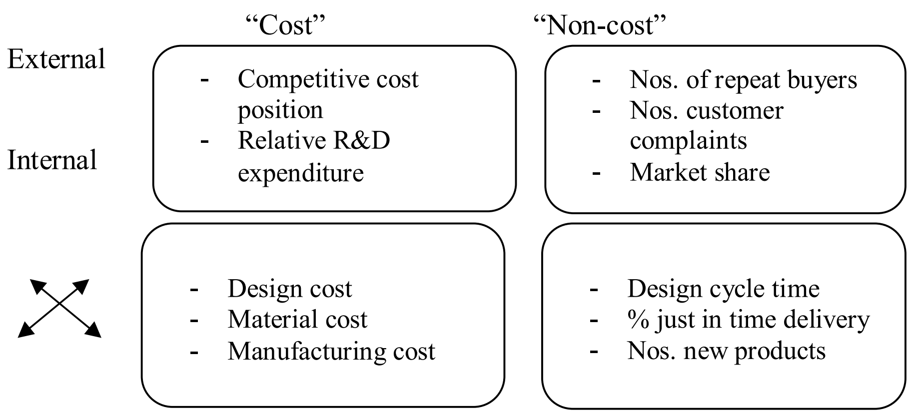

Figure 3: Performance measurement matrix (Karimi, 2006, 23)

B) Performance Pyramid (1991)

One of the requirements of each performance measurement system is a clear relationship between performance criteria and hierarchical levels of an organization, so that each unit would try to achieve the same goals. One of the models which show how to create this relationship is performance pyramid model. The goal of performance pyramid is to establish the relationship between organizational strategy and its operations, as it expresses the effectiveness of an organization and its internal efficiency.

This framework in fact pays attention to the difference between the parameters that are focused on the groups outside the organization (such as customer satisfaction, quality and on-time delivery) and internal business factors (such as productivity, cycle time and waste). An organizational pyramid performance is constructed at the first level by the definition of the vision of the organization which then becomes the objectives of business units. At the second level, business units try to set short-time goals such as profitability and cash flow and long- term goals such as growth and improvement of market share (financial and market).Operational systems of business bridge the gap between daily operational measures (customer satisfaction, flexibility and productivity).Finally, four key performance measures (i.e. quality, delivery, work cycle and waste) are used in units and work centers on a daily basis. The main strength of the performance pyramid is its efforts to integrate organizational goals with operational performance measures. However, this approach does not provide any mechanism for identifying key performance measures and also there is no room for the concept of "continuous improvement" in this model (Karimi,2006:24).

C) Stakeholder Analysis (2001)

The design of performance measurement system begins with understanding the goals and strategies of an organization and that is why the balanced scorecard for design of performance measurement system begins with the question "what are the shareholders' demands?" In fact, the balanced scorecard model implicitly take only shareholders into account and other stakeholders have no role in setting organizations' goals. In other words, this model ignores the impact of other stakeholders on organization. Neglecting the differences of the various stakeholders in different environments is one of the major reasons for failure of some big companies in using this model.

Organizational goals represent key stakeholders' expectations and desires and all key stakeholders exert their powers entirely through the governance structure for setting goals, while non-key stakeholders are not very powerful in setting goals and instead affect the organization's strategies via external mechanisms, and in this way they determine the procedure of attaining goals with regard to external environment. Therefore, performance measurement system begins with strategies and acts as a bridge between the behaviors of managers and expectations of stakeholders (Karimi,2006:25).

D) Excellence Model

Another widely used known measurement framework is (EFQM) excellence model.

The excellence model has nine criteria, four of which are enables and five criteria are results.

Enablers include: leadership, policy and strategy, employees, partnerships and resources and interests and processes.

Results include: customer results, people results, society results and key performance results.

- Scores and rating logic for performance measurement

Enablers and results each comprises fifty percent of the total value of the model, which indicate similar value of the level at which improvement activities are conducted and the results that are obtained.

Rating logic of excellence model includes four elements:

1- Results, 2- approach 3- deployment 4- assessment and review

The constructive and supportive theory behind this framework is that enablers are like levers that managers can use them to achieve future results faster. One of the weaknesses of this model is that it is difficult to become operational; since the words and concepts used in this model are so general that they can be interpreted in different ways, each organization will be able to use them but will create different assessment criteria (Karimi, 2006: 25).

E) The balanced scorecard model: a model for performance measurement

In early 1990s, Nolan Institute as the research branch of KPMC conducted a study for measuring performance of future organizations. The institute's president David Norton took over the leadership of the research project and Robert Kaplan was appointed as the academic consultant. After a long research program in partnership with the company, the research group achieved a comprehensive framework which was called balanced scorecard in which company's mission and strategic objectives could be converted to an alternative set of performance criteria (Wongrassamee, et al, 2003:18).

This set which includes the process indicators and final results can quickly provide the managers with a comprehensive picture of organizational performance so that the organization's progress in achieving strategic goals can be measured (Ali Ahmadi et al, 2009:336).

The main purpose of the balanced scorecard approach is to provide a practical viewpoint for the managers and to lead them to focus on basic areas and advancement of strategies. Balanced scorecard approach has included an important part of financial goals as criteria to determine how the system works (Kaplan & Norton, 1996:83).Balanced scorecard Model (BSC) is a qualitative and comprehensive model for performance management of organizations. This model focuses on organization's strategies and creates balance between various fields of organization, finance, clients or customers, internal organizational processes and learning and growth, etc and tries to manage and assess complex organizations.

Kaplan and Norton have proposed measurement of organizational performance in the following four key areas:

- Financial
- Customer
- Internal business processes
- Growth and learning

These four areas can be divided into two distinct parts. The first part contains the "current financial criteria" and "operational problems" which are related to customers, internal processes and learning and growth.

Kaplan and Norton have presented some proposals as quantitative criteria for assessment of organizational performance (Kaplan & Norton, 1996:85).

Financial: Financial measures are important components of a balanced assessment system, particularly in profit organizations where these measures indicate success in other fields because they state that the successful implementation in other aspects will lead to what financial results (Kaplan and Norton, 2009:23).The financial area is divided into three parts, i.e. "revenue growth," "cost management" and "asset utilization".

_ Revenue growth:

1- Sales and the market share, 2- Number of new customers and markets and 3- Number of new strategies.

_ Cost Management

1- Revenue per employee and 2- unit cost reduction

_ Asset utilization

1- Inventory reduction, 2- cash-to-cash cycle, 3- return on capital and 4- productivity/efficiency (Kaplan & Norton, 1996:86).

Customer: For choosing objectives and measures related to the customer's perspective, organizations must answer two critical questions: first, who are our target customer? And second, what are our proposed values to them (Kaplan and Norton, 2009:19).

Kaplan and Norton suggest that organizations must first identify the market segment that they aim to supply. For each segment, they must focus on the type of measure that they use to fit the characteristics of the business.

Market Share

1- Percentage of segment capture, 2- customer retention, 3- number of defections, 4- increase in sales to current customers and 5- Frequency of orders, visits or contacts with customers.

_ Customer Acquisition

1- Number of new customers, 2- ratio of sales to inquires, 3- average cost to acquire a new customer and 4- average order size.

_ Customer Satisfaction

1- Number of complaints, 2- number of customers that express their satisfaction.

_ Customer Profitability

1- The total profit per customer and 2- total cost per customer(Kaplan & Norton, 1996:88).

Internal business processes (organizational processes): From the perspective of internal processes, organizations must identify processes and attain excellence in them so that they can continue creating value for their customers and ultimately their shareholders (Kaplan and Norton,2009:20).Kaplan and Norton acknowledge that, although improvements in internal business processes do not have any bearing on the management of (organization) at the strategic level, they do contribute towards noticeable improvements in business in the long term. They suggest the following measures for these processes:

_ Identify or make market

1- Profitability by segment and 2- percentage of revenue from new customers

_ Design

1- Time to market and 2-break even time

_ Build

1- Number of defects and 2- process time

_ Delivery

1- Percentage of timely delivery 2- percentage of defects

_ After-sales Service

1- Average satisfaction rating, 2- number of orders, and 3- Number of customers who do not reorder(Kaplan& Norton, 1996:92).

Growth and learning: How ambitious goals set out in the perspectives of internal processes, customer and eventually shareholders can be realized? The answer to this question lies in the objectives and measures related to learning and growth perspective (Kaplan and Norton, 2009:21).The learning and growth area is concerned with infrastructure, i.e. the foundations required to achieve objectives in other areas of the business (Kaplan & Norton, 1996: 95). Kaplan and Norton cite three relevant categories: 1-employee capabilities, 2-employee satisfaction and 3-staff turnover.

Research Methodology

Achieving the goals of science or scientific knowledge is not possible except when a methodology is used. Researcher should note that the validity of research results is affected by the method chosen for his/her research (Khaki, 2010:155).This study is an applied research in terms of objective, and a descriptive one in terms of data collection, while it is a survey research in terms of methodology. This study is initiated with a main hypothesis and threesub-hypotheses:

The main hypothesis of the research: there is a significant relationship between goals, structure and leadership (organizational climate)and financial performance in the National Iranian Oil Company.

Sub-hypotheses of the research:

1. It seems that there is a significant relationship between goals and financial performances.
2. It seems that there is a significant relationship between structure and financial performance.
3. It seems that there is a significant relationship between leadership and financial performance.

The research is conducted in the first half of the year 2011 in the National Iranian Oil Company (its central offices in Tehran).Since this study seeks to evaluate the models and relevant variables, based on the stated factors, the research population included all managers and experts of central offices of National Iranian Oil Company in Tehran which are 150 people. In the study the Simple Random Sampling (SRS) method has been used. Our sample size for research population of 150 people is equal to 108 people.

For data collection from samples and in order to test the hypotheses, a questionnaire has been designed considering the research variables.

The reliability test of the questionnaire was conducted for 7 variables and 38 questions of the questionnaire and 40 samples. Cronbach's alpha coefficient was calculated to be 0.701 for the first variable, i.e. "goals", which is comprised of 5 questions. For the second variable, namely the "structure" and for 5 questions of the questionnaire, Cronbach's alpha value is calculated to be 0.778 and similarly, the alpha value is calculated for the remaining variables. Cronbach's alpha coefficient for the whole questionnaire is equal to 0.926.

For analysis of collected data, descriptive statistics were used initially and to test the statistical hypotheses of the research, factor analysis and structural equation modeling we reemployed. LISREL and SPSS software programs have been used for such analyses.

Conceptual Model of Research

Due to the variety of models for measuring organizational climate like those of Halpin and Craft, Likert, Donald et al, Weisbord, Sergiovanni & Sttarat, etcand since this research is conducted in a large public company, to investigate the organizational climate the researcher has localized six-dimensional model of Weisbordand has used only three major factors, because it is more suitable for large public enterprises that with regard to our research population.In this model the concerned dimensions for studying organizational climate include: goals, structure and leadership.

Meanwhile, there are different models for measuring the financial performance, most of which are based on financial analysis;however, since in this study the financial performance will be measured using a questionnaire and this is only an attitude measurement, Kaplan and Norton model has been used for measuring financial performance and its dimensions, including: revenue growth, cost management and asset utilization.The conceptual model of the research is as follows:

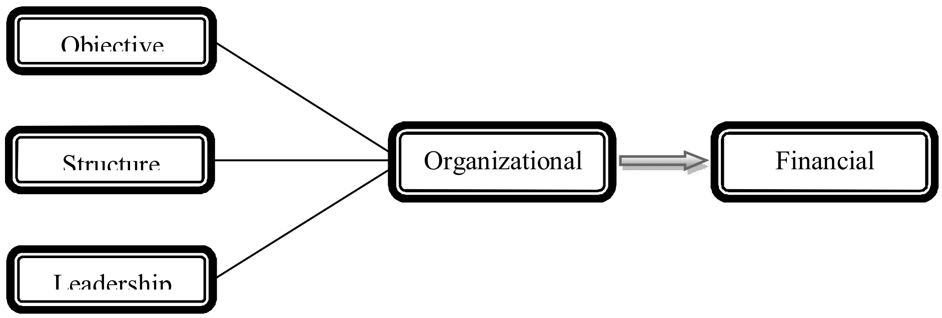

Figure 4: Conceptual model of research

Review of the Conceptual Model of the Research

In this section, we use structural equation modeling to examine the relationship between independent variables (organizational climate variables)and dependent variables (financial performance) of the research.It should be noted that each of the independent variables,i.e. goals, structure and leadership, have been defined using their indicators.Standardized factor loading estimates (standardized regression coefficients) for conceptual model are given in Figure5.

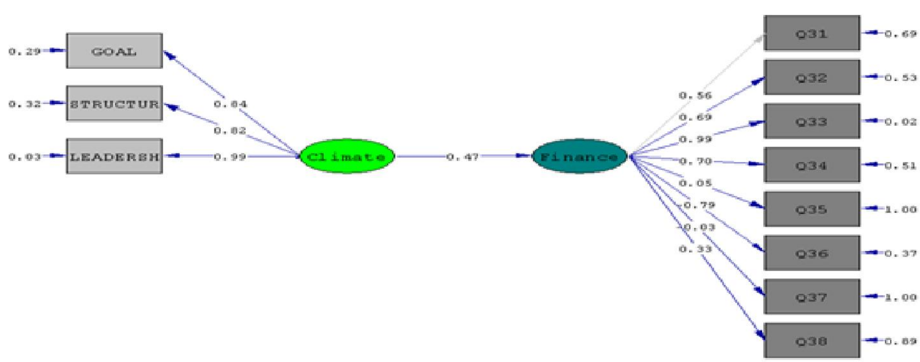

Figure 5: Standardized factor loading estimates for conceptual model of research

It can be observed that there is a nearly strong relationship between the independent variable, i.e. organizational climate, and the dependent variable, i.e. financial performance. This amount is equal to 0.47.Now we turn to examine the relationship between the dependent variable, i.e. financial performance,and the variables that define organizational climate.

Table 1: Strength of the relationship between research variables

Variable name	Strength of relationship withorganizational climate variable	Strength of relationship withthe dependent variable, i.e. financial performance	Significance of relationship
Organizational climate	1	0.47	There is a significant relationship
Financial Performance	0.47	1	There is a significant relationship
Goals	0.84	0.47 * 0.84 = 0.39	There is a significant relationship
Structure	0.82	0.47 * 0.82 = 0.38	There is a significant relationship
Leadership	0.99	0.47 * 0.99 = 0.47	There is a significant relationship

Based on the direct relationship between each of the independent variables with organizational climate variable, and also the direct relationship between organizational climate variable and the dependent variable, i.e. financial performance, the strength of indirect relationship of each of independent variables with the dependent variable, i.e. financial performance can be estimated.The direct and indirect relationships between research variables are shown in Table1.Also the significance of each of relationshipsis shown in Table 1.

Regarding the relationships between the independent variables and the dependent variable, i.e. financial performance, it can be seen that the strongest relationship is between leadership and financial performance with a value of equal to 0.47.

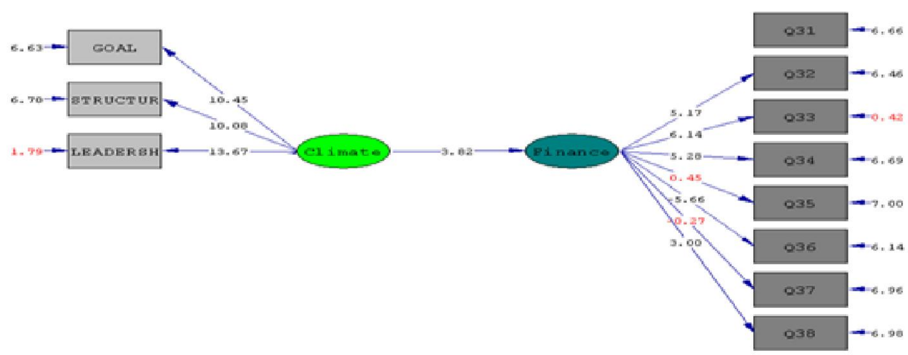

Figure 6: The chart of Student's t-statistic valuesfor conceptual model of research

The relationship between financial performanceindicators can be seen in Figure 6.It can be seen that Q33 has the highest relationship with financial performance variable.The relationship of Q35 and Q37 is very small and even it is zero.The relationship of Q36 and Q37 is negative.

Table 2: Measurement indicators of financial performance variable

Variable	Indicators	Question number
Financial Performance	Sales and the market share	31
	Number of new markets	32
	Number of new strategies	33
	Revenue per employee	34
	Unit costreduction	35
	Inventory reduction	36
	Return on capital	37
	Productivity / efficiency	38

The chart of Student's t-statistic valuesfor conceptual model is given in Figure 6.With regard to the Student's t-statistic values, the relationship between allthevariables,i.e. goal, structure, and leadership (organizationalclimate) and financial performance variable is verified.

Regarding the financial performance indicators,it can be seen that for two indicators of Q35 and Q37, because the Student's t-statistic value is much smaller than the value of 1.96, the significance of this relationship can be rejected.

With regard to Student's t-statistic valuesrelated to errors,it can be seen that the values of this statistic for all indicators and variables except Q33 and leadership variable index is more than 1.96,which indicates that we are faced with a significant level of error,and these errors often occur because of low sample size.But for Q33 and leadership variable,since the Student's t-statistic values are smaller than 1.96, these two errors are not significant.

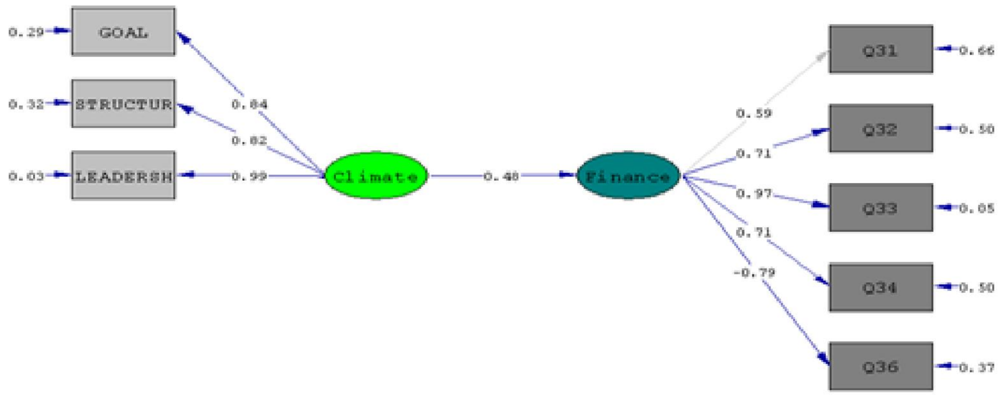

Figure 7: Standardized factor loading estimates for conceptual model of research after excludingnon-significant indicators

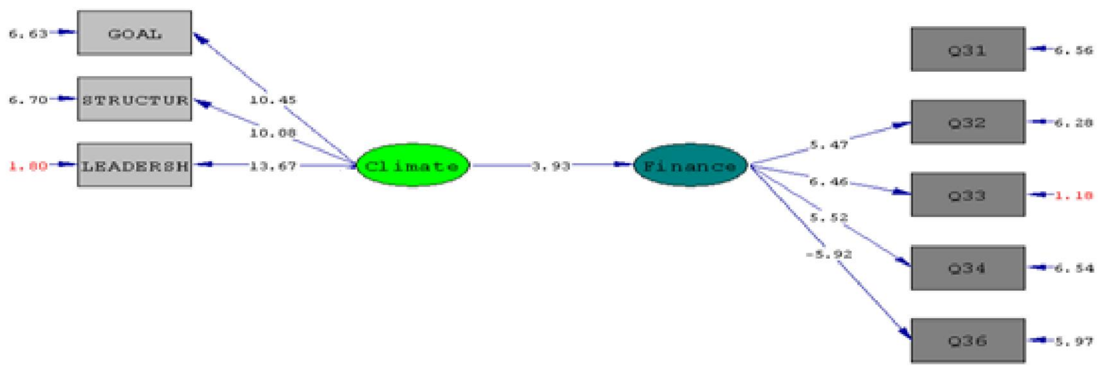

Figure 8: The chart of Student's t-statistic valuesfor conceptual model of research after excluding non-significant indicators

In Figures 7 and 8, factor loading values and Student's t-statistic values of conceptual model have been presented after excluding two indicators,Q35 and Q37. It can be seen that the standardizedfactor loading values have not changed, except for the relationship between organizational climate and financial performance which has changed from 0.47 to 0.48.

The coefficient of multiple determination of the above model is 0.73.This means that the above variables can explain 73% of the dependent variable,i.e. financial performance.Also the coefficients of multiple determinationsfor other variablesare shownin Table3.

Table 3: Coefficient of multiple determinations for financial performance indicators

	Indicator 31	Indicator 32	Indicator 33	Indicator 34	Indicator 35	Indicator 36	Indicator 37	Indicator 38
Coefficient of multiple determination	0.31	0.47	0.98	0.49	0.00	0.63	0.00	0.11

Asit can be seen, indicator 33 can explain financial performance variable more than other indictors; and two indicators,i.e. 35 and 37, cannot explain the financial performance variable.

Table 4: Coefficient of multiple determinations for variables representing organizational climate

	Goal	Structure	Leadership
Coefficient of multiple determination	0.71	0.68	0.97

As it can be seen in Table4,leadership variable can explain organizational climate variable and consequently financial performance more than other variables do.

Results of Tests of Hypotheses

After conducting hypotheses tests (structural equationanalysis), all research hypotheses were confirmed and their significancewere accepted.In other words, allthe mentionedvariableshave significant relationship with the financial performance.

- The main hypothesis of the research: there is a significant relationship between goals, structure and leadership (organizational climate) and financial performance in the National Iranian Oil Company.

Asit can be seenin Table5, organizational climate has a significant relationship with financial performance at the level of 0.05, and the strength of relationship between organizational climate and financial performance is equal to 48 percent.

Table 5: The strength of relationship between research variables and financial performance and the results of hypotheses tests

Variable name	Strength of relationship withdependent variable, i.e. financial performance	Significance ofrelationship	Result of hypothesis test
Organizational climate	0.48	Significant relationship at level of 0.05	Confirmation of the main hypothesis

The first sub-hypothesis: there is a significant relationship between goals and financial performance. As it can be seen in Table6, goal variable has a significant relationship with financial performance at the level of 0.05, and the strength of relationship between organizational climate and financial performance is equal to 39 percent.

Table 6: The strength of relationship between research variables and financial performance and the results of hypotheses tests

Variable name	Strength of relationship withdependent variable, i.e. financial performance	Significance ofrelationship	Result of hypothesis test
Goal	0.39	Significant relationship at level of 0.05	Confirmation of the sub-hypothesis 1

The second sub-hypothesis: there is a significant relationship between structure and financial performance.

As it can be seen in Table7, structure variable has a significant relationship with financial performance at the level of 0.05, and the strength of relationship between organizational climate and financial performance is equal to 38 percent.

Table 7: The strength of relationship between research variables and financial performance and the results of hypotheses tests

Variable name	Strength of relationship withdependent variable, i.e. financial performance	Significance ofrelationship	Result of hypothesis test
Structure	0.38	Significant relationship at level of 0.05	Confirmation of the sub-hypothesis 2

The third sub-hypothesis: there is a significant relationship between leadership and financial performance. As it can be seen in Table 8, leadership variable has a significant relationship with financial performance at the level of 0.05, and the strength of relationship between organizational climate and financial performance is equal to 47 percent.

Table 8: The strength of relationship between research variables and financial performance and the results of hypotheses tests

Variable name	Strength of relationship withdependent variable, i.e. financial performance	Significance ofrelationship	Result of hypothesis test
leadership	0.47	Significant relationship at level of 0.05	Confirmation of the sub-hypothesis 3

Conclusions and Findings

There are several factors that are associated with financial performance and can improve the financial performance of an organization, and can help it for better using of resources; one of the most important of such factors is the organizational climate.Indeed, if the organizational climate would be suitable, organizations can obtain employees' satisfaction and can be successful in achievingtheir goals, which one of them is financial goals.As we observed,among the dimensions of the organizational climate,leadership has the greatest relationship with organizational climate while structure has the lowest relationship. This can be explained by the fact that in large public organizations, and particularly in the Iranian National Oil Company, leadership is much more important than other variables.As organizational behavior scientistsargue, the larger would be the size of an organization, the greater will be the leadership role in achieving organizational goals (such as financial goals).

Meanwhile, all variables of financial performance are related with financial performance, but some of the indicators of these variables were not associated with financial performance and wereexcluded in the final model.Excluded indicators were: unit cost reduction and return on capital.This is also somewhat remarkable.Since the National Iranian Oil Company is a public corporation and is under governmental management,it can be concluded that, like other public companies,the costs of its divisions are not important for managers and employees, and generally there is no such a control on these costs such as private companies.Return on capital is also subject to the same issue;the National Iranian Oil Company is a company that performs its activities based on the natural resources of Iran and has no much planningon return on capital (in fact, the company is not solely an investment company).Although this does not mean that there is no planning at all, but it is much less in comparison with private companies.

Recommendations:

In thisregard, and according to the obtained results,the following recommendations are presented for improving financial performanceto the managers of the National Iranian Oil Company:

1- With regard to the relationship between leadership and financialperformance,it is recommended that a leadership style suitablefor the conditions of organization and appropriate incentive systems to improve employees' performancewould be used.

2- With regard to the relationship between goals and financialperformance,it is recommended that involvement of employees in the formulation of organizational goals of the units, elaboration of organizational goals and mission,and eliminating work barriers would be taken into consideration.

3- With regard to the relationship between structure and financialperformance, it is recommended thatdirecting the organization towards a participatory organization and use of employee participation programs, such as participation of representatives, involvement of the representative and etc, use of organic structures appropriate for units and work groups as well as using both centralized and decentralizeddecision making methods can be taken into consideration.

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