Presenting a Model of Good Corporate Governance as a Controller of Political Behavior of Human Resources in Tehran Province Water and Wastewater Company

Ghazaleh Nazari Aref\textsuperscript{1}; Behzad Farokh Seresh\textsuperscript{2}; Ghorban Ali Agha Ahmadi\textsuperscript{3}; Saeed Eslami\textsuperscript{4}

\textsuperscript{1}Instructor, Department of Management, School of Management and Accounting, Islamic Azad University of Chalous, Mazandran, Iran
\textsuperscript{1}gh_setayesh@yahoo.com

\textsuperscript{2}\textsuperscript{*}Assistant Professor, Department of Management, School of Management and Accounting, Islamic Azad University of Chalous, Mazandran, Iran.
\textsuperscript{2}\textsuperscript{*}b.farrokhi@iauc.ac.ir

\textsuperscript{3}Professor, Accounting Department, School of Management and Accounting, Islamic Azad University of Chalous, Mazandran, Iran.
\textsuperscript{3}aghaahmady@iauc.ac.ir

\textsuperscript{4}Associate Professor, Political Science Department, Faculty of Political Science, Islamic Azad University of Chalous, Mazandran, Iran.
\textsuperscript{4}sayeedislami@hotmail.com

Abstract

Employees’ political behavior is one of the critical and undeniable challenges regarding human resource management, with many solutions proposed and used to prevent it. Here, as a model for sustainable human resource development, good corporate governance (GCG) can probably mitigate the effects of political behavior in the organization. The study has tried to examine the effect of each of GCG constituent elements on reducing political behavior in the organization by presenting an indigenous model of GCG. The method was applied in terms of purpose and descriptive and survey in terms of the data collection method. The study was qualitative using semi-structured interview tools with eleven senior managers of Tehran Province Water and Wastewater Company (TPWWC) and faculty members selected using the snowball method. The results finally led to the identification of eight main components and twenty-three sub-components for GCG. 1) Sovereignty consciousness, 2) organizational culture, 3) disclosure of information, 4) responsiveness, 5) a network of relationships, 6) board size, 7) justice and fairness, and 8) ownership structure were identified as the main building blocks of GCG and the findings revealed that these components are solutions to prevent political behavior in organizations.

Key-words: Governance, GCG, Organizational Political Behavior, Content Analysis.
1. Introduction

It is so optimistic to think that the individuals in an organization act only in the favor of the goals and objectives of the organization; therefore, the organizations cannot be examined separately from the political behavior within them. Political behavior is a central structure in organizational theory widely discussed in decision-making literature with this type of behavior able to affect the quality of decisions and put organizational performance at risk (Shepherd et al., 2019: 2).

Many people confirm that the organizations are political. Because of the existence of competing interest groups and scarce resources, benefiting from political behavior is the best way to survive and succeed in these environments. Most people in the workplace acknowledge that workplace policies are the inseparable facts of organizational life (Farahbakhsh et al., 2016: 14), (BATHAEI, B, 2016).

Political behaviors are not a part of the description of the official duties of personnel in the organization yet have an undeniable effect on reaching organizational objectives. Political behaviors are the ones that are not predicted in a person's job description, and one tries to affect others by relying on them. The distribution of political behaviors at various stages of the organization is not the same and it is impossible to eliminate such behaviors in the organization, yet knowing how they happen can help managers reduce their destructive effects. Here, different strategies are suggested to deter destructive political behaviors or at least reduce their negative effects on organizational performance. Organizational commitment, organizational justice, delegation, and raising the level of job security are some of these strategies. However, the study tries to examine the effect of GCG on political behavior.

Governance is the process by which government institutes deal with public issues, manage their interests, and ensure the realization of human rights. Good governance ensures that these activities are conducted properly and with no errors. The centrality of the law (Ahani et al., 2009: 100) and GCG follows the same concepts at the level of organization and companies.

Nowadays, protecting the public interest, observing the rights of shareholders, promoting information transparency, and requiring companies to fulfill social responsibilities are the critical ideals considered more than ever by different regulatory and executive authorities. The realization of these ideals calls for the existence of stable criteria and appropriate executive mechanisms, the most important of which is the corporate governance system or corporate governance (Shourvarzi et al., 2015: 123). The model of good governance, with significant aspects like trust, accountability,
promotion of values, transparency, and capacity building for skills and their development, guarantees a dynamic, creative, and innovative organization (Amirpour et al., 2019: 211).

GCG means focusing on the consequences, the results of organizations for citizens and service consumers. GCG performance is to ensure that an organization meets its purposes, reaches its desired results for citizens and service users, and acts in an effective, efficient, and ethical manner (Taheri Attar et al., 2017: 117).

GCG measures look for attracting capital to ensure the proper implementation and management of the company, to protect the rights of investors and other stakeholders, to build trust in financial markets, and to promote competition (Fuenzalida et al., 2013: 1760). Evidence from around the world has shown that GCG practices have a positive effect on corporate performance. Coombes and Watson (2002) indicate that investors are ready to pay more for shares of well-governed companies.

Hence, it is necessary to conduct a study in this field given the significance of discussing corporate governance in organizations. Nonetheless, the lack of studies in this field and the gaps in corporate governance and GCG in organizations increase the need for this study. On the other hand, corporate governance seems to be an interdisciplinary category, as a review of the research literature shows that this category is studied by experts and scholars from different fields of expertise.

Given what was stated, the paper tries to deal with the question of what are the building blocks of GCG as a means of reducing the political behavior of human resources in the organization. This is to be able to significantly reduce the effects of political behavior, mostly destructive behavior in the organization.

2. Theoretical Foundations

Political Behavior

One of the most significant, expensive, and valuable elements and components of organizations is human force, which is the key strategic element and the most fundamental way to increase the effectiveness and efficiency of the organization among other factors. However, thinking that the people of the organization take steps only for its purposes is very optimistic as the organizations are composed of people with their own goals and aspirations and besides trying to reach the goals of the organization, they try to meet the needs and achieve their aspirations too (Azb Daftar and Rajabi Farjad, 2019: 144). In other words, organizations are composed of people with personal
plans that act as if to gain power and affect over others. This work or game instruction is called the “world of organizational politics.” People's actions in reaching their goals bring about political behavior in the organization.

For over three decades, the issue of political behavior in the organization has been the subject of significant studies in the field of human resources. The findings of different studies indicate that these behaviors are inevitable part of any human activity (Darvish and Shams, 2017: 2). (Kadaei, S. 2020). It is a known fact that an organization is composed of individuals and groups having various values, goals, and interests, and this results in disagreement, conflict, and conflict over access to scarce organizational resources (Torkzadeh and Fereydoni, 2018: 118).

It is an undeniable fact that an organization is made up of individuals and groups with various values, goals, and interests, and this causes controversy and conflict over access to scarce organizational resources. High levels of political behavior in the organization damage the performance of the organization, as it is interpreted as an index of a problem with the leadership or management of the organization, and damage to social relations between members of the organization. It damages the social relations between the members of the organization, intensifies the relationship of mistrust between the employees and the management, damages the social ties in the organization, blocks the communication channels, and causes the tendency to go beyond the description of the duties and conditions of the job committee and organizational citizenship behaviors in the organization is not observed and as a result, the performance of such an organization may be severely reduced (Taghizadeh Motlagh, 2014: 159).

Political behavior involves voluntary actions that are taken to support or enhance the personal interests of individuals or groups. Emphasis on personal interests determines this type of organizational behavior. Managers work hard to balance the personal and organizational interests of employees. When the right balance is attained, personal interests are likely to serve organizational interests. Political behavior becomes a negative force when personal interests harm organizational interests (Torkzadeh and Fereydoni, 2018: 119).

When the employees are asked about political behavior in the workplace, they consider it a dirty phenomenon that achieves personal goals at the expense of others and may be detrimental to the goals of the organization. Thus, such behavior is considered a potential threat to organizational effectiveness and efficiency. For instance, when an employee is promoted to a higher position of responsibility, under a condition where there are more qualified people and personal contact has damaged their reputation and position, its non-functional consequences for the organization are very high. If a decent employee feels deceived by organizational policies, he can react negatively like
dissatisfaction, frustration, and anxiety. Hence, understanding the factors that cause such behavior is very important to predict and combat the potential negative consequences of political behaviors for organizations and individuals (Fani et al., 2014: 22).

Political behaviors in the organizations are increasing and are an inevitable part of any human activity (Poon, 2003: 140) and they are referred to as dirty phenomena (Pio, 2000: 34), which reach personal goals at the expense of others and may be detrimental to the goals of the organization or individuals (Sowmya & Panchanatham, 2008: 2231). Thus, such behavior is a potential threat to organizational effectiveness and efficiency (Fani et al., 2014: 22). Thus, to predict and combat the potential consequences of political behavior for organizations and individuals, it is necessary to understand the factors that affect them. One of the organizational conditions that can reduce political behavior in the organization is corporate governance. Indeed, corporate governance is a military with which companies are directed and controlled (Hassas Yeganeh, 2006, 32), (BATHAEI, B, 2018).

Corporate Governance

The initial concept of corporate governance is derived from the word “gubernare” meaning “guiding”, commonly used to guide a ship, implying that the first definition of corporate governance focuses more on leadership than control. Several ways exist to define corporate governance, ranging from limited and focused definitions of companies and their shareholders to comprehensive definitions that include corporate accountability to all stakeholders and the community. However, based on a general definition, corporate governance can be called the system by which companies are governed and controlled. Overall, “corporate governance can be considered as laws, regulations, structures, processes, cultures, and systems that reach the goals of accountability, transparency, justice, and respect for the rights of stakeholders” (Hassas Yeghaneh, 2006: 32).

The definitions offered for corporate governance are varied, yet the main difference between these definitions can be considered the scope of corporate governance. This is because from one perspective of this system, it involves the relationship between the managers with shareholders and on the other hand the relationship of the company with all its stakeholders (Jalali Jalalabadi et al., 2016: 70). Nonetheless, an attempt has been made to explain the theoretical foundations of the concept.
Good Corporate Governance

After the end of World War II, as the dominant approach, the big-government approach was unified with the goal of development policy in most countries until the late 1970s. However, the inefficiency and inflexibility of state-owned enterprises (mostly in developing countries) that have been subjected to a variety of political and non-political pressures, including overcrowding and declining returns, have hurt most of them. Thus, since the mid-1970s, the big-government approach has been declining, and what has increasingly criticized this trend has been the simultaneous existence of inflation and unemployment in Western economies, especially in America, and provided an opportunity for the pro-current movement. The market economy and government approach were small. As the dominant current in the early 1980s, it saw privatization as a perfectionist development and called for a reduction in the share of the public sector in the economy. The views of market economy advocates, who, with the help of the World Bank and the International Monetary Fund, were prescribing development policies to most countries around the world, were called Washington Consensus policies or structural adjustment policies. The late events of the 1990s, like the East Asian crisis, the unsuccessful experience of Eastern Europe and the former Soviet Union, and numerous financial crises over the past 25 years, prompted a wide range of World Bank experts to criticize adjustment to suggest good governance as a solution to the development conundrum so that in this new policy, the issue of government dimensions or government downsizing has given its central role to government empowerment (Sufi, 2004: 11-12).

Good governance is public administration based on the rule of law, an efficient and fair judiciary, and broad public participation in the governance process. Overall, good governance can be considered the process of democratization of the state, meaning that the government relinquishes part of its absolute sovereignty in favor of the participation of other social institutions and private organizations in development, and thus a government based on the idea of good governance will not be a more powerful government (in terms of physical coercion), but a more efficient one.

Good governance can be considered as a kind of normative approach as other previous views usually describe the concept of good governance instead of expressing “what is” to comment on “what should be” (Taheri Attar et al., 2017: 118).

Based on good governance theory, sovereignty is not limited to government and will have partners like civil society, non-profit organizations, religious figures, and so on depending on the type of government. Hence, the government does not take up a central position in this theory (Ghaffari and Igder, 2017: 105).
The theory of good governance, defined by characteristics like participation, transparency, accountability, effectiveness, and efficiency, and the rule of law, is a model for sustainable human development with a mechanism of practical interaction between the three sectors of government, private sector, and civil society. This model tries to minimize the role of government and empower civil society and the private sector. Regarding this, the interactive behavior of the three sectors of government, civil society, and the private sector is emphasized. According to this model, the government has to strengthen its coordinating and regulatory role and regulate and facilitate relations instead of holding. In the model of good governance, there is a discussion about the representative government and the participatory government, which in this way paves the way for the activities of other sectors (Sharifzadeh and Gholipour, 2003: 93). (Kalantari, S, et al 2020). What conditions must exist in the relationship between the people as government employers and government agents to reach the desired result? This discussion is called “good governance” regarding the government and “GCG” regarding the companies (Jeyhun Tabar, 2016: 9).

GCG as an Interdisciplinary Category

Good governance is a complex and multifaceted phenomenon that in various discourses and contexts, some of its components are prominent and others have not been dealt with much. Despite its many benefits, governance has some drawbacks and disadvantages. The serious harms of governance because of inattention to its multifaceted nature caused the new attitudes towards good governance to avoid reductionist and one-dimensional attitudes towards government and to form a holistic and integrated approach towards governance. As the one-dimensional approach towards governance had not been able to lead to the improvement of living conditions as it should, the way out was in an integrated approach that could bring all the positive aspects together. This integrated approach was the same as the interdisciplinary approach to good governance (Darzi and Sadrieh, 2015: 104-105).

Nowadays, there is no doubt about the significance and position of corporate governance for the success of companies, as this issue has become more important because of the events of recent years and the financial crises of companies. Examining the causes and pathology of the collapse of some large corporations, causing huge losses, especially for shareholders, it has been determined that these weaknesses are due to the weakness of their corporate governance systems. Note that GCG, happening in the direction of good governance, is a complex and multifaceted problem. Providing the right conditions for its creation called for using the results from different disciplines in the direction of interdisciplinary and multidisciplinary studies, each of which has a key role in this process. In
doing so, it is essential to use the results of economics, sociology, law, management, history, politics, and other fields. The relationship between some of the most important scientific disciplines related to GCG will be examined. For instance, the theories of economic development can be divided into three periods in terms of looking at government. The dominant thinking in the first period is the big government and in the second period, the minimal government (small government), and in the third period, good governance (Maidari, 2006: 262). Based on the model of good governance, the government has to enhance the performance of state-owned companies by applying different policies. One of the critical ways to enhance the performance of these companies in terms of good governance is to enhance corporate governance. GCG is very important in developed countries, so that the Economic Cooperation Development Organization, which is the main policy reference in the field of corporate governance is in the world, in 2005 he published his guide to GCG in government organizations (OCED, 2005, quoted by Gholipour and Naseri, 2017: 224-225). Over the past two decades, corporate governance has turned into a leading topic in financial, management, and legal studies, showing that corporate governance can enhance corporate business standards, encourage, providing and equipping capitals and investors, and improving their executive affairs and is one of the main elements in improving the economic efficiency of companies (Principles of Corporate Governance of the Economic Development Cooperation Organization, 2004, translated by Rahbari Kharazi). The purpose of the study is to find optimal organizational mechanisms and increase economic efficiency (Hess and Impavido, 2003, quoted by Gholipour and Naseri, 2017: 229).

In terms of the relationship between GCG and sociology, one can state that corporate social responsibility and related disclosures are a necessary factor that leads to the continuity of companies. This is because all the companies have connections to the community. Hence, the community has the possibility of companies surviving in the long run. Community benefits from the activities and behavior of companies (Alahayari et al., 2018: 29-30). Companies have to be accountable towards stakeholders (shareholders, customers, and employees, suppliers of goods, banks, legislators, environment, and society). Therefore, besides economic responsibility, companies have to feel responsible for social issues. Hence, because of the significance of corporate social responsibility and related disclosures, adequate care must be taken in financial reporting. Exercising supervision and care here may need the existence of corporate governance mechanisms (Bahar Moghaddam et al., 2013: 91).

GCG processes are expected to maximize oversight activities to ensure that every action in the organization is taken to reach the goals (Worokinasih, 2020: 90). Hence, GCG seems to be able to be considered as a mechanism to control political behavior.
3. A Review of the Studies Conducted

Domestic Studies

In their study entitled “The principles of corporate governance in the Iranian legal system,” Sohrabi and Fallah Tafti (2013) explained the effects of the principles of corporate governance in the Iranian legal system like legal requirements on how to supervise the management of commercial companies, how to supervise the system of profit payment by commercial companies or the requirements related to the disclosure of information and provided solutions to better implement the principles of corporate governance in the Iranian legal system.

Fani et al. (2014) have carried out a study entitled “Explaining the mediating role of organizational policy perception between employees’ political behaviors and individual, job, and organizational factors.” The findings indicated that occupational and organizational factors affected political behavior through the perception of politics. Among the variables of personal factors, only the effect of Machiavellianism through the perception of politics on political behavior was confirmed and the hypotheses related to the center of control and self-monitoring on political behavior were rejected.

The results of Gholipour, Mashayekhi, and Naseri (2016) in a study entitled “Corporate governance in the public sector and its role in the resistance economy” presented the strategies required to reach a resistance economy in the field of entrepreneurship with a focus on the principles of GCG.

In a study entitled “The effectiveness of corporate governance dimensions on the relationship between social responsibility and tax justice,” Alahyari, Pourzamani, and Torabi (2015) concluded that all variables of corporate governance have a positive and significant role in the relationship between social responsibility and tax justice.

Foreign Studies

Black (2001) compares the corporate governance ratings of 20 Russian companies with the proportion of their stock market capitulates listed on the Moscow Stock Exchange and their stock market capitalization as assets. The results show a comprehensive inverse correlation between corporate governance rankings and this ratio (Funzalida et al., 2013).
Fernandez and Gomez (2002) examined the corrections made by 48 Spanish companies to corporate governance laws (Olivencia Code). The findings reveal that firms that follow the reform and firms that fully accept the rules have a positively unnaturally positive return compared to companies that do not experience.

Gompers, Ishii, and Metrick (2003) carried out a study in America on the benefits of corporate governance. For this study, the authors developed a corporate governance index to categorize American companies based on corporate governance practices and assign them to a specific portfolio. A democratic portfolio includes companies with better corporate governance, and a dictatorship portfolio includes companies with the worst corporate governance practices.

Foerster and Huen (2004) revealed a positive relationship between various measures of corporate governance and stock returns for 270 Canadian companies. The writers found that Canadian corporations with GCG received 8.8% positively positive returns compared to corporations without GCG. Hence, the authors' results indicate that investors value corporate governance practices in Canadian companies.

Harris (2009) studied the Latin American literature on the relationship between GCG and market value. He concludes that the studies generally focused on Latin America not only enhance the quality of companies but also somehow correspond to the fact that GCG has increased market value and improve financial performance (Funzalida et al., 2013: 1760).

In their paper “Political perception of the moderating variable between job performance and political skill,” Kapoutsis, Papalexandris, Nikolopoulos, Hochwater & Ferris (2010) stated that high levels of political behavior can drastically reduce job performance.

Shepherd et al. (2019) studied the effect of political behaviors on strategic decisions. The results of their study show that decentralized management teams can prevent the destructive effects of political behavior.

Considering the reviews of the studies conducted in and outside the country, one can state that in most studies, the importance of GCG in different areas like market value, financial performance, and the prevailing atmosphere of the organization have been stated. The important point is that the present paper various in its approach towards GCG as a tool to reduce the effect of political behavior among the organization's human resources.
4. Method

As the study tried to examine the effect of GCG on reducing political behavior in the organization, it is applied in terms of the purpose and descriptive survey in terms of data collection. The library method was used to collect data and secondary information and the interview method was used to access primary data and information. The method of the study was qualitative. The nature of qualitative studies is to identify the characteristics and structure of the phenomena and events examined in their natural context. These features are then combined into a quantitative theory or conceptual model. Conducting a qualitative study needs an open attitude to understand how others experience their situation (Danaeifard et al., 2011). The population was the managers of TPWWC and faculty members who have three years of managerial experience, academic education in public administration, and scientific and research records in the field of corporate governance. Hence, these people have a key role in corporate governance and are experts in this field. Sampling was done via the snowball sampling method. Firstly, a few people with certain characteristics or experiences were selected, and then they were asked to introduce another candidate with similar characteristics and experiences. This went on until the desired number of samples (saturation) was reached, and finally, 11 TPWWC managers and faculty members who were experts in corporate governance and political behavior in the organization were interviewed. Table 1 is the demographic characteristics of the interviewees:

<table>
<thead>
<tr>
<th>Marital status</th>
<th>Single</th>
<th>Married</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Less than 30 years</th>
<th>Between 30 and 40 years</th>
<th>Between 40 and 50 years</th>
<th>More than 50 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>3</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education</th>
<th>Bachelor's</th>
<th>Master's</th>
<th>P.H.D</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>4</td>
<td>6</td>
</tr>
</tbody>
</table>

Moreover, Figure 1 is the process of saturation of information received from interviews in the study.
First, interview questions were designed according to the research background and using the opinions of experts and university professors. Examples of the interview questions are:

1. Do you know anything about the concept of corporate governance?
2. Are you familiar with political behavior in the organization?
3. Do you feel that GCG can reduce political behavior in the organization, explain?
4. Overall, what do you think are the most important/main components of GCG?
5. What are the factors affecting the implementation of GCG? What is your reason for choosing them as influential factors?
6. What are the infrastructures for implementing GCG in the organization, explain to clarify each case?
7. Is the compatibility of GCG with the organization strategy necessary to reduce political behavior in the organization? If yes, explain your reason.
8. What are the consequences of a GCG process for an organization?

The validity of the interview questions was evaluated using theoretical validity based on the views of university professors and its reliability was evaluated by the two-assessor method. A Ph.D. student was asked to codify three interviews as a co-researcher to test the reliability of the coding.

The inter-rater reliability between the two coders for the interviews conducted in this study is 76.38%. Given that the reliability rate is more than 60%, the reliability of the coding is confirmed and one can claim that the reliability of the research interview analysis is appropriate.

5. Data Analysis

To analyze the data collected from the interviews, the interviews were written and analyzed by thematic analysis. The process of thematic analysis starts when the researcher considers meaningful patterns and topics of potential interest. The stages of research in the thematic analysis
are 1) familiarity with data, 2) creating primary codes, 3) search for topics, 4) review of topics, 5) defining and naming themes, and 6) preparation of a report (Kamali, 2018: 198-200).

Accordingly, the written text of the data was reviewed to get a general feeling about the interview answers and to determine how to classify them in the first stage. In the second stage, some parts of the written text like phrases or sentences were coded, and parts of the text related to each other were placed next to each other. In the third stage, the compiled codes were reviewed and their integration was done in larger categories. In the fourth stage, the categories were reduced, duplicate categories were eliminated, and smaller categories were merged into larger ones. The final selection of categories as the main and sub-themes in the study was conducted in the last stage.

Ultimately, 8 main themes and 23 sub-themes were identified after analyzing the interviews, presented in Table 2.

<table>
<thead>
<tr>
<th>Main themes</th>
<th>Sub-themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>A network of relationships</td>
<td>Institutional relations</td>
</tr>
<tr>
<td></td>
<td>Relationship with stakeholder</td>
</tr>
<tr>
<td>Board size</td>
<td>Monitoring</td>
</tr>
<tr>
<td></td>
<td>Administrative formalities</td>
</tr>
<tr>
<td></td>
<td>Coverage of all necessary specializations</td>
</tr>
<tr>
<td>Ownership structure</td>
<td>Legitimacy</td>
</tr>
<tr>
<td></td>
<td>Active cooperation</td>
</tr>
<tr>
<td>Accountability</td>
<td>Satisfaction of stakeholders</td>
</tr>
<tr>
<td></td>
<td>Building trust</td>
</tr>
<tr>
<td>Disclosure of information</td>
<td>Making the monitoring system efficient</td>
</tr>
<tr>
<td></td>
<td>Making the board accountable</td>
</tr>
<tr>
<td></td>
<td>Reducing the percentage of violations</td>
</tr>
<tr>
<td></td>
<td>Distinguishing information</td>
</tr>
<tr>
<td></td>
<td>Improving decision-making</td>
</tr>
<tr>
<td></td>
<td>Informing stakeholders</td>
</tr>
<tr>
<td>Justice and fairness</td>
<td>Building public trust</td>
</tr>
<tr>
<td></td>
<td>Increasing organizational performance</td>
</tr>
<tr>
<td></td>
<td>Justice between employees</td>
</tr>
<tr>
<td>Organizational culture</td>
<td>Transparency of tasks and their non-interference</td>
</tr>
<tr>
<td></td>
<td>Eliminating cumbersome rules and regulations</td>
</tr>
<tr>
<td></td>
<td>Determination of the relationships</td>
</tr>
<tr>
<td></td>
<td>Consistency of the activities with strategy</td>
</tr>
<tr>
<td></td>
<td>Organizational structure</td>
</tr>
<tr>
<td></td>
<td>Coordination</td>
</tr>
<tr>
<td>Sovereignty consciousness</td>
<td>Explaining human behavior</td>
</tr>
<tr>
<td></td>
<td>Explaining human skills</td>
</tr>
<tr>
<td></td>
<td>Rule of reason</td>
</tr>
</tbody>
</table>
The figure below is the main themes of GCG:

![Figure 1 - GCG Main Themes](image)

(Source: Research findings)

6. Results

The theoretical gap in the field of GCG to reduce the political behavior of the organization on the one hand and the growing significance of addressing this issue in the country on the other, made the applied using qualitative methods that can mainly be used to formulate a theory to examine the corporate governance plan in preventing the destructive effects of political behavior. The eight main themes of GCG, the experts stated as reducing the political behavior of employees in the organization, are the results of this study that show that a range of internal and external issues of the organization should be considered. The issues are mainly interdisciplinary and therefore both interdisciplinary methods and interdisciplinary experts should be used to study them. The following is an excerpt from the transcript of the interviews for each of the sub-topics:

The first main theme is “a network of relationships”, including internal and external communications. This component, besides being extracted from interviews, has been extracted in studies (Adegbite, 2015; Jensen & Meckling, 1976; Wahab & Holland, 2012). One of the sub-themes of this main theme is “organizational relations”. The interviewees stated that corporate governance
can be thought of as a network of relationships that exists not only between the company and its owners but also between the company and a large number of stakeholders, including employees, customers, and so on. The employees with effective relationships based on positive trust within the organization feel less treated politically or unfairly. Atinc et al. (2010) stated this component to reduce political behavior in the organization.

The second sub-theme, “relationship with stakeholder”, one of the components of the main theme “network of relationships”, is inferred from the interviews. For instance, in one of the interviews, the interviewee stated:

“As there is a chain of stakeholders in companies and their external environment, they must be secured in accordance with the law. Thus, financial stakeholder relationships affect corporate governance. For instance, customers and shareholders are in the loops of this chain and affect the company decisions.”

The second main theme is “board size”, which determines the size and scope of a company's operations. This component, besides being extracted from interviews, has also been expressed in some studies (Kieschnick and Moussawi, 2018; Foerster and Huen, 2004). One of its sub-themes is “monitoring”. For instance, in one of the interviews, it was mentioned that:

“Board members and their size will have a positive effect on monitoring. Indeed, the more the number of board members, the greater the monitoring of managers' activities will be.”

The board size can prevent destructive political behavior in the organization because of the increased monitoring it provides in the organization. The second sub-theme of the board size is “administrative formalities”, which is inferred from the interview, which stated:

“The board size has a significant effect on corporate governance. The size of the companies can simplify or complicate the relationship between managers and shareholders. When a company is large and its board of directors is large, the managers will have to comply with more legal requirements regarding the shareholders and be accountable towards them. In other words, more administrative formalities will govern this relationship.”

The third sub-theme of the board size is “coverage of all necessary specializations” which can be seen in the following text:

“The board duty is to legislate and govern. The board should be commensurate with the organization's missions and responsibilities. The more specialized the people, the more influential the decision will be.”

The third main theme is the “ownership structure” which indicates how the organization is owned. This component, besides being extracted from the interviews, has been stated in studies too
(Nazemi et al., 2014; Babaei Zakilaki, 2008; Asadi, 2016). The first sub-theme of this category is “Legitimacy”. For instance, the following is an excerpt about an interview on legitimacy:

“It must legitimize the ownership and management structure and clarify the effect of ownership on governance, so ideally ownership should affect governance. The ownership structure in the organization can have a direct effect on reducing or increasing political behavior in the organization. “Consider that the rule of law decreases in a style of ownership, this style of ownership increases political behavior in the organization, and increasing the proper rule of law in the organization reduces political behavior in the organization.”

The second sub-theme is “active cooperation”. For instance, the following interview text is evidence of this sub-theme:

“The corporate governance framework should recognize the rights of all stakeholders under the law or bilateral agreements, and encourage active cooperation between companies and stakeholders to create corporate wealth, jobs and financial health.” Active cooperation and friendly relations in the organization reduce political behavior, as cooperation in the organization usually increases empathy and friendship among the people.

The fourth main theme is “accountability” that shows the responsibility and accountability of the board to organizational and extra-organizational individuals. Besides being extracted from the interviews, this theme has been presented in previous studies too (Aguilera, 2005; Gholipour and Naseri, 2017). When people accept the responsibility of their actions and are accountable for their activities, their political behavior in the organization decreases. The first sub-theme of accountability is “stakeholder satisfaction”, stated in the following text for instance:

“Satisfaction from stakeholders can be much more effective and useful in improving the implementation of corporate governance in the organization.”

The second theme is “building trust”, which is reflected, for instance, in the following text:

“The performance and accountability of the board of directors in corporate governance creates transparency, control, and oversight of the performance of the board of directors, and this can be evaluated and valued by shareholders in creating a reliable trust. This trust leads to prosperity and the activities of the organization will be expanded.”

The eighth sub-theme, “Efficiency of the monitoring system”, one of the components forming the main theme “information disclosure”, is given in the following text as an example:

“Disclosure of information is very effective in making the monitoring system efficient in the organization.”
The next sub-theme, “Making the board accountable”, one of the sub-themes of “Disclosure of information”, deduced from the interview, “secondly, obliges the board to be accountable for its performance. Thirdly, it causes the correct use of resources.”

The fifth main theme is “information disclosure”, stating the people's access to information in the organization. Besides being extracted from the interviews, this topic has been presented in previous studies (Gholipour and Naseri, 2017; Asadi, 2016). Transparency in the information in the organization provides more control, leading to the reduction of political behavior in the organization. The first sub-theme for information disclosure is “reduction of the percentage of violations”, inferred from the interview. “It should be public understanding and not categorized. Information should not be related to financial security either.”

The second sub-theme for information disclosure is “distinguishing information”, supported by the interview “if the information means financial information, it helps that like explanations of the purchase of a branch for the cost of a meter and Note 3 for water and sewage. Disclosing this information should exist and is very useful, but information related to the organization's growth strategies should be protected, but information to customers and stakeholders should be disseminated.

The third sub-theme for information disclosure is “Improving decision-making” which is inferred from the interview “Decision making in a transparent management environment improves decision making”.

The fourth sub-theme for disclosure is “informing the stakeholders”, inferred from the interview “Of course, the information must be categorized and disclosed based on the needs of the stakeholders and the classification of the information. For instance, the approvals of the board of directors should not be made available to everyone. However, for instance, information that determines the direction of the company and its direction should be made available to all stakeholders. For instance, the mission and policy of the organization should be made available to employees so that the individuals in the organization should compare the performance of the organization with their performance and organizational behaviors.”

The sixth main theme is “justice and fairness”, showing the establishment of the principle of equality in the organization. In addition to being extracted from the interviews, it has been presented in previous studies (Hassas Yeganeh, 2006). When there is justice in the organization, decisions are made fairly in the organization and there is little room for voluntary decision-making because of the existence of guidelines. Hence, when justice in the organization increases, political behavior decreases (Fani et al., 2014). The first sub-theme for justice and fairness is “building public trust” that is inferred from the following interview. “If the members of the society feel that they have an
important role in the management of the organization fairly and the organization treats them fairly, it will increase the public trust on the one hand and enhance the conditions of the organization on the other.”

The second sub-theme for justice and fairness is “increasing organizational performance” which is one of the important results of the implementation of GCG in the organization inferred from the interview “justice and fairness” and with transparency in performance and work can be expected as much justice He achieved.”

The third sub-theme for justice and fairness is “justice among employees”, inferred from the interview “justice and fairness is the pillar of sovereignty. There is nothing where there is no justice. In management science, there is an issue called employee equality, one aspect of which is justice. “If the employees feel that there is no justice in the growth and payment of wages, it is not in the growth and promotion of the justice organization, they go to the organizations where there is justice. Justice has a special status in corporate governance as it makes people more visible in the organization.”

The seventh main theme is “organizational culture”, showing the culture that governs the organization and promoting some activities and values in the organization that can greatly reduce political behavior in the organization. Besides being extracted from the interviews, this topic has been presented in previous studies too (Gholipour and Naseri, 2017; Asadi, 2016). The sub-theme “Transparency of tasks and their non-interference,” one of the components of main themes “organizational culture,” is inferred from the interview “Consider that the tasks are clear in the organization and employees act according to their defined tasks, then that organization will be more disciplined than an organization where tasks are not defined and the employees are confused.”

The sub-theme of “Eliminating cumbersome rules and regulations”, one of the components of the main themes “organizational culture”, is inferred from the interview, “Organization rules should not be restricted if the rules are restrictive, employee efficiency and productivity decrease and they will have no motivation to do it, but only if the employees have the freedom to act.”

The sub-theme of “Determination of the relationships”, one of the components of the main themes of “organizational culture”, is inferred from the interview “appropriate organizational structure can identify the relationship between stakeholders and managers.”

The sub-theme of “Consistency of the activities with strategy”, one of the components of the main theme “organizational culture”, inferred from the interview, seems to be that the alignment of a GCG process with the strategy of the organization is necessary for the organization. “The closer they are to the component, the greater the chances that the organization will rise to higher goals. This is
because it will be closer to the goal of corporate governance that is improving the company's performance and create transparency.”

The sub-theme of “organizational structure”, one of the components of the main theme “organizational culture” was inferred from the following interview. “One of the categories to be considered in the organization is the hierarchy of an organization: how is the arrangement of people in the organizational chart. In an organization where there is close supervision and few people are under the supervision of a manager, the organizational structure is removed, but in an organization with extensive supervision, the organizational structure is flatter.”

The sub-theme of “coordination”, one of the components of the main themes “organizational culture” was inferred from the following interview. “Coordination is one of the necessary infrastructures for the implementation of GCG. It is the elimination of parallel work and repetitive and defective cycles in different sections and coordination between the systems in them.

The seventh main theme is “Sovereignty consciousness”, showing the view and explanation of the rule of reason. Usually, those acting according to the logic and rule of reason in the organization, perform less destructive behaviors in the organization. This is because their work commitment is higher than other people in the organization. Sovereignty consciousness includes the component “explaining human behavior and skills and the rule of reason.”

The sub-theme “Explaining human behavior and skills” is inferred from the text of the following interview: “In my opinion, corporate governance does not happen in an organization unless, with governance consciousness, governance consciousness is the explanation and understanding of all human skills and organizational behavior for governance.”

The sub-theme of “rule of reason” is inferred from the following interview: “Anything that people do according to reason and logic in the organization could be the source of corporate governance in the organization: consider this rational decision that is a component in an organization where decisions are rational.” The following is the discussion and conclusion of the paper.

7. Discussion and Conclusion

Scholars emphasize the definite and clear existence of political behaviors in the organization. They argue that few events cannot be attributed to the effects of power and politics and that the behavior of the organization is nothing but a power struggle. Controlling political behavior is one of the major tasks of senior managers of organizations. This is because these behaviors can divert the organization from pursuing its goals and the organization can become a place to pursue individual
goals or the goals of groups within the organization if they are prevalent. If political behaviors are left uncontrolled, they can lead to injustice in the organization. In this case, if the individuals feel that the consequences and procedures of the organization are unfair, they will perform poorly and are less likely to be informed of the decisions of those with the authority and will show more protesting behaviors. The results indicated that the implementation of GCG can be very effective in controlling destructive political behaviors. When managers behave fairly and equitably lead to participation and individual creativity of employees in the organizational culture or when managers encourage broad and networked relationships in the organization, these behaviors, as the dimensions of GCG, lead to a reduction of destructive political behaviors in the organization. Additionally, accountability, transparent ownership structure, and disclosure of information are the other aspects of GCG that in turn reduce destructive political behavior in the organization. The following practical suggestions are provided to the province's Water and Sewerage Company to reach GCG to reduce the destructive effects of employee political behavior:

- TPWWC has to have operational plans in networking in the company as well as the creation of flat organizational structures to encourage accountability and participation. Partnerships, flexible structures, facilitating rules, integrated information systems, and transparency of responsibilities are of these operational strategies.
- TPWWC should focus on organizational justice. Some practical suggestions for reaching organizational justice are transparency in responsibilities and authority, transparency in human resource affairs like promotion and acquisition of competencies, and transparency in finance and payroll.
- Effective human resource management by having an expert steering committee, decentralization, cultural difference management, and participatory management are the other practical suggestions.

Moreover, the scholars of human resources are recommended to conduct other qualitative and quantitative studies to comprehensively examine the factors affecting the reduction of the destructive effects of political behavior in the organization. The results of these studies can bring about practical guidelines for controlling employees' political behaviors in the workplace.

References


Farrokhbakhsh, S., Nikpai, I., Shojaei, A. (2016), Examining the Relationship between Managers' Political Behavior and Employees' Organizational Commitment with Moderating Organizational Justice in Lorestan University, New Educational Thoughts, Volume 12, Number 3, 7-36.


Darcy Fuenzalida, D; Mongrut, S; Arteaga, J; Erausquin, A (2013), GCG: Does it pay in Peru?, *Journal of Business Research* 66, 1759–1770


