



## Original Article (Quantified)

# Presenting the conceptual model of organizational democracy with an emphasis on the development of employees' psychological capital

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**Abstract**

The purpose of this research is to present a conceptual model of organizational democracy with an emphasis on the development of psychological capital in the employees of National Iranian Oil Company. The research method is quantitative, and a researcher-made questionnaire was used to collect data, analyzed by SPSS and SmartPLS 3 software. The total number of the studied statistical population is equal to 100,000 people, 200 of whom were selected from all the employees of the National Iranian Oil Company, and we reached a sample of 200 people through Crejci and Morgan for limited communities. Therefore, in the second stage, 220 questionnaires were distributed among all employees of National Iranian Oil Company, and finally 211 complete and intact questionnaires were delivered. After confirming the reliability and validity of the questionnaire, the results showed that some causal components such as the attitude and perspective of managers, structural factors, manpower planning, macro political and social factors have the greatest impact on organizational democracy based on the development of the psychological capital of the employees of National Iranian Oil Company, and then strategic factors such as organizational learning, succession training, support and knowledge management have the greatest impact in creating the consequences of the implementation of democracy in the National Oil Company.

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## Extended abstract

### Introduction

Parallel to the increase of political democracy, the interest in democracy at the organizational level increased worldwide after the 1990s (Harmancy & Delishmak, 2021). Organizational democracy is a new model of organization design for the democratic era, and based on this model, a freedom-oriented and healthy atmosphere is formed. This type of democracy should be taken into account as the expansion of employee sovereignty in the workplace, which respects the goals and feelings of employees, and leads to positive economic results in contrast to authoritarian and traditional leadership styles (Rangeriz & KHAMohi, 2019). Institutional homogeneity means that organizations in an institutional field must respond to the environment like other organizations in that field. Institutional homomorphism occurs in three forms: forced homomorphism (result of pressure from important environmental organizations), normative homomorphism (professionalization of managers and organizational experts), and imitative homomorphism (tendency to imitate successful organizations in conditions of ambiguity and uncertainty). A very important point is that in each of the processes of institutional homogeneity, this event causes a decrease in internal organizational efficiency (for companies following dominant companies in that field) (Gholipour, 2018). The results of this research and problem solving at the individual level can lead to the development of the psychological capital of the employees of the National Oil Company, and at the organizational level and the organizational field (organizational population ecology) due to the similarity and adaptation of the organizational structure of the three other main companies of the Ministry of Oil (National Company of Iran Gas, National Company of Petrochemical Industries, and National Company of Refining and Distribution of Petroleum Products of Iran) from the National Oil Company will lead to the growth of the components of organizational democracy and the development of the psychological capital of the employees in the mentioned industries; and at the national level, it will also lead to the development of institutional trust in Companies and organizations with industrial management models and promotion of democracy and social participation. According to the mentioned cases and the statement of the areas, history, definitions, different theories about this subject area and the identification of research gaps as well as the benefit of this area for science from different points of view, now the main problem of the research is to identify the component test to present the conceptual model of organizational democracy based on the development of psychological capital for the employees of National Iranian Oil Company.

### Theoretical foundations

Organizational democracy is the development of freedom within the framework of business. Organizational democracy is basically considered as a kind of strategy in organization design; that is, depending on internal and external conditions and competitive influencing factors, an organization can use the strategy of organizational democracy (Belasi et al, 2023). Capitalism is an economic system in which those who own the capital invested in a company also have the power to manage the company. However, this policy was doomed to failure as a strategy to launch economic democracy (Rothstein, 2020). Ever since the basic works of organizational psychologists and management researchers were proposed, the theories and practices of management and organization seek to deal with the challenges of post-Fordist capitalism (Frega & Bloch, 2020).

Belasi et al, (2023) conducted a study titled Comparing Organizational Democracy in Norway and Mondragon: Lessons Learned for Other Countries. Based on the results obtained, it was found that organizational democracy in Norway and Mondragon differ from each other in terms of ownership and profit sharing, participation and employee ownership.



Aghajanpour et al, (2022) conducted a study titled "Designing a multi-voice organizational model in Iran's higher education". In this research, based on the opinion of experts, the effective components and management strategies of the diversity of voices in the higher education system were analyzed and presented in the form of a comprehensive model, and finally, based on the findings of the research, practical solutions for managers, institutions and future researches were proposed.

### **Research methodology**

In general, this research is quantitative in terms of method, and applicable in terms of purpose. The data collection in the current research was done through a survey and in the form of a questionnaire (Questionnaire on Organizational Democracy and Development of Employees' Psychological Capital). The sampling method is simple random sampling. The total number of the statistical population under study is equal to 100,000 people, out of which 200 people were selected from all the employees of the National Iranian Oil Company, and the questionnaire was provided to these people in the form of a link and in person and online (Pressline website). Analysis of the obtained data was done using SPSS and Smart PLS software.

### **Findings**

As it is clear in the main model of the research, the consequences category in the model of organizational democracy based on the development of psychological capital of the employees of National Iranian Oil Company has 21 indicators.

To check the reliability of the reagents, the factor loading test has been used, and in this test, the factor loading of the reagents must be higher than 0.4 (Questions with a factor load of less than 0.4 should be removed unless that question has a high convergence validity with other questions, in which case the researcher is not allowed to remove the question).

The strength of the relationship between the factor (latent variable) and the observable variable is shown by factor loading. Factor loading is actually a correlation coefficient between latent variables and manifest variables in a measurement model. This coefficient determines how much of the latent variable explains the variance of the manifest variables, and since it is a correlation coefficient, it must be statistically significant. The significance of the factor load is checked with the t-value statistic. Because significance is checked at the error level of 0.05, so if the amount of factor loadings observed with the t-value test is calculated to be smaller than 1.96, the relationship is not significant and the question should be removed from the research.

In this research, the very important index of the Standardized Root Mean Residual (SRMP) is used to evaluate the confirmatory factor analysis model. According to Josep et al., (2016), the limit of this index is 0.1. For the model, the value of this index is 0.78, which is less than 0.1, and it can be said that the model has a good fit and, the data of this research has a good fit with the factor structure and the theoretical foundation of the research. On the other hand, according to Ringel (2016), the acceptable value is less than 0.8, which is also acceptable from this point of view.

The output of the model shows that the significance coefficient between the research hypotheses is out of  $\pm 1.96$  range and this means that all research variables are confirmed at the 95% confidence level in the statistical sample.

### **Discussion and conclusion**

Based on the results of the analysis, the main or central phenomenon in the model of organizational democracy based on the development of psychological capital includes three

indicators of participation and cooperation, action orientation, and management skills. The index of participation and cooperation expresses the concepts of participation, consultability, review of proposals, participation in implementation and cooperation. Rangeriz & KHamohi (2019) in their research entitled "Investigation of the effect of organizational democracy on the psychological capital of women in the organization of the Research Institute of Humanities and Cultural Studies", introduced critical participation as one of the indicators affecting psychological capital.

Some management science experts proposed seven dimensions for organizational democracy: participation, criticism, transparency, justice, equality, responsibility and power. Justice refers to the rules and social norms related to the system that regulates the management and distribution of emerging rewards and punishments (constraints). Another case of these dimensions is transparency, which is an important part of the concepts of laws and regulations. Aghajanjpour et al, (2022) in a research on the effect of perceived organizational democracy on the quality of work life showed that the subscales of organizational democracy, namely participation-criticism, transparency, and justice significantly affect the quality of work life.

Another causal factor is the trust building index. Trust building also overlaps with laws and regulations, and includes the concepts of clarification, cooperation and participation, involvement and criticism. Trust building happens by participation of people in decisions and the existence of cooperation and justice. Trust building leads to the formation of a democratic organization and vice versa. Workplace democracy can create a thriving work environment. Employees trust their own decision-making abilities, and the employer empowers employees and provides a sense of control and autonomy.

It is suggested to adopt an approach that preserves the dignity and self-esteem of employees and respects their rights. It is also recommended to pay attention to and implement organizational justice as well as the organizational atmosphere through fair and timely reward systems, along with ensuring a calm and safe environment for employees. Also, getting everyone's opinion in counseling sessions and using techniques such as brainstorming is effective in achieving optimal and effective models for the development of psychological capital.