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Prioritizing the indexes of Discretion, Heterogeny and Autogeny factors in order to analyze and evaluate their readiness for ideal situation of Central bank of the Islamic republic of Iran

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Abstract
the purpose of this research is to prioritize the indexes of discretion, Heterogeny and Autogeny factors in order to analyze and evaluate their readiness for ideal situation of Central bank of the Islamic Republic of Iran (CBI). This research is an exploratory kind and in terms of method is a survey kind. The data collection tool is questionnaire. After two Delphi cycles, in final questionnaire the detachment variable was eliminated and for Autogeny variable 10 questions, Heterogeny 11 questions and discretion 17 questions were regulated, therefore it can be said the ostensible and content validity of the questionnaire was confirmed. Also since Cronbach's alpha coefficient of the questionnaire was higher than 0.7, it indicates acceptable reliability of the questionnaire. In order to analyze the data, Friedman test with applying SPSS software was used. The results showed, the structural dimension with average grade of 1.83 had higher average than contextual dimension which means in Discretion factor, the structural dimension has more readiness for ideal situation. Also the structural dimension with average grade of 2 had higher average than contextual dimension which means in Heterogeny factor, structural dimension has more readiness for ideal situation. And finally, the contextual tent dimension with average grade of 1.91 had higher average than structural dimension which means in Autogeny factor, the contextual dimension has more readiness for ideal situation.

Key Words: *central bank, structure, contextual, ideal situation, grading*

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Introduction

central bank is referred to an institution which has the responsibility of monetary system controlling of the country. central bank isn't a commercial bank and can put interest rate, the amount of currency, inflation and even unemployment and income distribution in its purposes and activities. In some countries, this bank acts as the monetary arm of the government but in some other countries, this bank independent from government and cyclical policies of governments, considers its macro-purposes. Ordinarily central banks all around the world use of monetary policies in order to reach to the economic purposes and influencing on economy proceeding. Monetary policy states the policy of central banks in line with economic stability and with relying on changes of money supply(3).

In simple statement, central banks utilize of tools in order to implement the thoughts and reach to the purposes such as the stabilization of prices and establishment of economic balance. Therefore, the general role of central bank is to guide and regulate the monetary policy inside a country. Under monetary policy, central bank manages the proceeding of money and credits which are created in economy. Therefore the nature of central bank performance in the face of economic activities is very important. In economic literature, the money supply is created by central bank and banking system and it is assumed that its amount is limited (6). Therefore money supply can be changed with central bank operations. Central bank supervises on monetary system of the country and controls the volume of money and liquidity. Central bank does its stabilization policy in economy level through changing in money supply which is called monetary policy. Monetary policies are accounted as the most important part of central bank activity of every country. Whenever money supply is increased in a country, for controlling it and decreasing the liquidity level in the society, central bank will usually use of changes tool in interest rate (4). The failure of central bank in controlling liquidity usually causes pressure on general level of prices. Therefore when money supply increases, interest rate will increase in economy level. Monetary policies of every economy need to evaluate the amount of money which exists in the society. They pay attention to this point that money supply in economy creates how much liquidity in the country (5). The real part of economy reacts to the amount of money and its volume. If the amount of liquidity in economy is less than its required amount, the production, income and employment may deteriorate. Also increasing of liquidity more than the need of economy may lead to the development of general level of prices and increasing of inflation. Therefore money is accounted a strong tool in economy and can have significant effects (7).

One of the most important and meanwhile new issues which has been proposed since 1980s onward in development literature is good governance issue. This issue especially in developing countries in order to settle and institutionalize the civil society has special position in policies related to grant aids. Good governance issue has been proposed with the purpose of reaching to stabilized human development in which decreasing of poverty, creating stable employment and welfare, revitalization of the environment and protection of it and development of women are emphasized that all are fulfilled with good governance. In good governance there is participation among three main elements of government, civil society and private part in activities that is sometimes beyond the participation. Therefore, the correct and heterogenic relation of three mentioned parts prepares the fulfillment field of good governance in economic, political and administrative dimensions (1).

Organizational governance is introduced by an interior system including policies, processes and persons which prepares the requests of

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shareholders and other beneficiaries by guiding and controlling the management activities with correct understanding of business, purpose-orientation (12). Not only the fulfillment of purposes, but also the country eternity is very necessary in conditions of Iran 2025. Most of the countries have traversed the development process but with passing the time they are affected by negative development process. According to this, central bank is required to have compatibility with Iran 2025 (figure 2), and also the eternity ability of the country in the domain of its authorities and duties in conditions of Iran 2025 and necessary flexibility for fulfillment of next long-term plans. With these details, the purpose of this article is to prioritize the indexes of Discretion, Heterogeny and Autogeny factors in order to analyze and evaluate their readiness for ideal situation of central bank.

Theoretical frame and conceptual model of the research

According to Riggs model, special concepts are proposed in the frame of independency concept and every one of them states special kind of independency. From Riggs point of view, independency is considerable in several centers: Discretion means existence of capacity in a social system for making decision in order to change the environment through implementing its plans. It means social system can implement the plans for change, anticipation of environment reaction and generally influencing on environment. Autogeny states the independency of role or social system in a network in which system acts. Also Heterogeny means the amount of roles dependency or social systems that increasing of this component will lead to decrease the Autogeny element. Finally Detachment also means separation and personal independency of the system. Increasing of this component enables social system to implement various roles and to be present in many arenas. Because of this component, social system requests maximum using of sources for itself (13).

According to Riggs theory, increasing of Discretion leads to increase the organization ability in doing its duties. Increasing of Autogeny also acts similarly, but increasing of Heterogeny leads to decrease the ability of organization in doing its roles and duties. Therefore, Autogeny and Discretion should have tendency to increase and Heterogeny should have tendency to decrease. It is necessary to be said proportionality among these three behaviors of organization with its environment leads to increase efficiency and effectiveness of the organization.

According to the supervision theory, managers are introduced as the organizational supervisors and protectors of organizations, interests by struggling for maximizing the organizational performance. The managers in this state struggle to manage the organization with factors like commitment to organizational values and serving to its final purposes.

According to Tricker model (1994), organizational governance is summarized in alignment. Alignment is related to the time period of past and present that its centrality is responding, clarifying and supervising. Efficiency is related to performance and future and its centrality is with the factors like compiling the strategy and decision-making (8).

Also according to Keasey and Right model (1997), the main centers for organizational governance consist of: supervision and entrepreneurship. Supervision on behaviors of non-shareholder managers (for sample, decreasing of embezzlement by managers), entrepreneurship with the purpose of reordering and proper correcting the sources with the innovation purpose and correcting in organization in order to improve the activities of organization (9) that this subject is significant according to Autogeny and Detachment issue in Riggs theory.

According to the participative theory of Collier and Esteban (1999), organization should be able to have necessary ability for accepting the changing world (11). The organization

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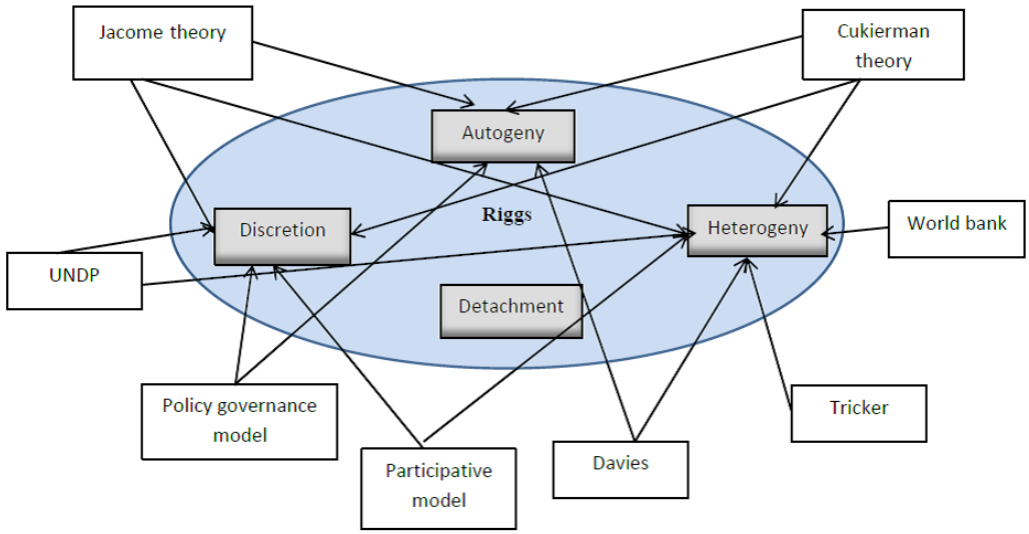


fig.1 the relation between existing theories.

should apply the participative, flexible and open systems in order to have the ability to accept the change. The governance system according to feedback: responsive, having the permanent ability for changing and permanently learning, developer of freedom and creativity for improvement of governance and development of moral issues in the domain of participative organizational governance. (10) In fact the ability for changing can be searched in the Discretion component of Riggs model.

According to the world bank model also four components of responsibility, equality, transparency and responsibility considered as the components of organizational governance.

According to proposed theory by Nafari (2007), existence of Heterogeny between efficiency and effectiveness states the governing quality. Therefore the balance between proposed components in above mentioned theories can be considered as the desired governance criterion (2).

According to this, the relation between the existing theories is as follows (figure 1).

Methodology

This research in terms of purpose is applicable and in terms of method is survey. Data collection tool is questionnaire. The process of doing this work is as follows: with utilizing of perspective evidence, good governance components and also with considering the special rules of central bank especially monetary and banking rule, the relation of central bank in terms of Independency, Discretion, Heterogeny and Detachment with this environment is determined. With regard to the existing theories from central bank independency (like Cukierman and Jacome theory) and also according to the learning comparative studies which have been done by international settlement bank, with comparative consideration of central banks rules in different countries and with regard to the organizational governance theories and also with utilizing of obtained results of interview with some specialists, 11 components for Autogeny, 11 components for Heterogeny, 17 components for Discretion and 3 components for Detachment were regulated. It is necessary to be said the specialists of this sage were selected from some senior managers of central bank, some professors of economy and management science, some related representatives in Islamic parliament and some senior managers of Ministry of Economic affairs and Finance. Also for interview for Detachment dimension with regard to lack of scientific

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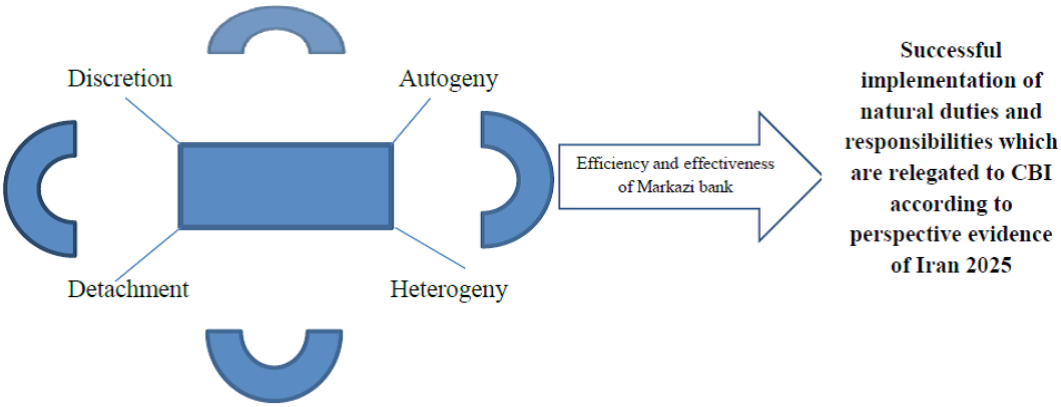


Fig. 2- conceptual model of the research

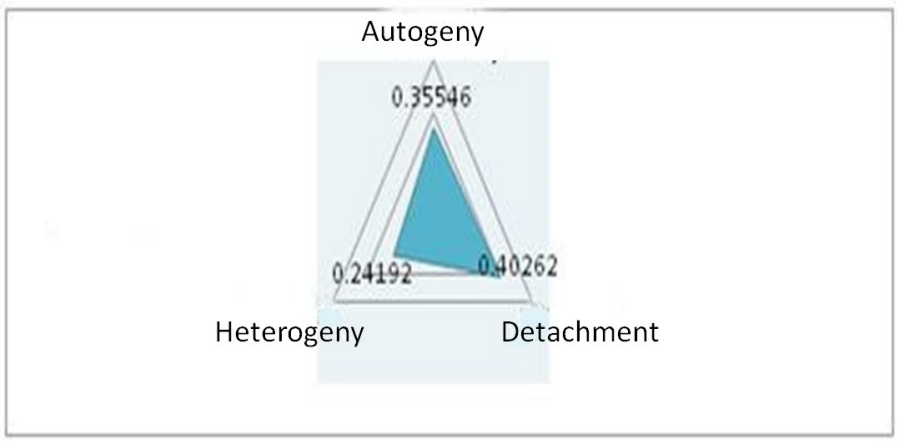


Fig.3- Ideal model of Central Bank of the Islamic Republic of Iran

theories, quietly open interview was used and it is requested from specialists to state what they consider personal using of central bank from its own sources and autuorities. After two Delphi cycles, the Detachment factor was eliminated and in final questionnaire according to single sample t-test and Spearman correlation coefficient, for Autogeny component, 10 questions, Heterogeny, 11 questions and Discretion, 17 questions were regulated. Also the amount of Cronbach's alpha coefficient was obtained(0.78) for interior Autogeny of bank; (0.75) for Heterogeny of central bank with its environment and (0.92) for Discretion of central bank in its environment. Since the obtained Cronbach's alpha coefficient was higher than 0.7, it indicates the acceptable reliability of the questionnaire. In order to analyze the data, Friedman test with applying SPSS software was used.

The research hypotheses

1. The indexes of structural dimension of Discretion, Autogeny and Heterogeny factors can be prioritized (gradable).
2. The indexes of contextual dimension of Discretion, Autogeny and Heterogeny factors can be prioritized (gradable).

Findings

Structural dimension of Discretion factor: according to the findings, it can be expressed that with regard to the amount of Chi square which is equal to 227.31 (df-4) and its meaningfulness in error level of less than 0.01, it should be said there is meaningful difference among 5 indexes of structural dimension; and the grades of these indexes and consequently the readiness situations of them for ideal situation differ from each other.

Comparing the averages of grades (table 1) shows the index of organization formality

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level with average grade of 4.42 has allocated the highest prioritization to itself. After that, the highest grade is allocated to the amount of specialization in organization with average grade of 4.09. In other words, the results of Friedman test showed that in managers, opinion, two indexes of organization formality level and the amount of specialization in organization have the highest readiness situation for ideal situation. The index of personnel ratio with average grade of 1.50 has the lowest grade.

Contextual dimension of Discretion factor: according to the findings, it can be expressed that with regard to the amount of Chi square which is equal to 100.27 (df-4) and its meaningfulness in error level of less than 0.01, it should be said there is meaningful difference among 5 indexes of contextual dimension and consequently the readiness situations of these indexes for ideal situation differ from each other. Comparing the average grades (table 2) shows technology index with average grade of 4.69 has allocated the highest prioritization to itself. After that, the highest grade is allocated to the amount of organizational culture with average grade of 4.31. In other words the results of Friedman test showed that in managers, opinion, two indexes of technology and organizational culture have the highest readiness situation for ideal situation. The index of environmental situation with average grade of 1.83 has the lowest grade.

General analysis of Discretion factor: according to the findings, it can be expressed that with regard to the amount of Chi square which is equal to 16.20 (df-1) and its meaningfulness in error level of less than 0.01, it should be said there is meaningful difference between two structural and contextual dimensions from Discretion factor and consequently the readiness situations of these two dimensions for ideal situation differ from each other. Comparing the average grades (table 3) shows structural dimension with average grade of 1.83 has higher average than contextual dimension which means that in Discretion factor, structural dimension has more readiness for ideal situation.

Structural dimension of Heterogeny factor: with regard to chi square which is equal to 63.61 (df-4) and its meaningfulness in error level of less than 0.01, it should be said there is meaningful difference among 5 indexes of structural dimension and the grades of these indexes and consequently the readiness situation of them for ideal situation differ from

Indexes	The average grade
The organization formality level	4.43
The amount of specialization in organization	4.09
The organization concentration level	2.81
The amount of organization complexity	2.17
Personnel ratios	1.50

Table 1: Friedman test: grading the indexes of structural dimension from Discretion factor

Indexes	The average grade
Technology	4.69
Organizational culture	4.31
The organization life period	2.28
Strategic management situation	1.89
Environmental situation	1.83

Fig.3- Ideal model of Central Bank of the Islamic Republic of Iran

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Indexes	The average grade
Structural dimension	1.83
contextual dimension	1.17

Table 3- Friedman test: grading the contextual and structural dimensions from Discretion factor

Indexes	The average grade
The organization concentration level	4.22
Personnel ratios	3.81
The amount of specialization in organization	2.96
The organization formality level	2.35
The amount of organization complexity	1.65

Table 4- Friedman test: grading the indexes of structural dimension from Heterogeny factor

Indexes	The average grade
Technology	4.93
Life period of organization	3.98
Organizational culture	2.76
Environmental situation	1.91
Strategic management situation	1.43

Table 5- Friedman test: grading the indexes of contextual dimension from Heterogeny factor

each other. Comparing the average of grades (table 4) shows that the concentration level index of organization with average grade of 4.22 has allocated the highest priority to itself. After that, the highest grade is allocated to personnel ratios with average grade of 3.81. In other words the results of Friedman test showed that in managers, opinion, two indexes of organization concentration level and personnel ratios have the highest readiness situation for ideal situation. The index of organization complexity with average grade of 1.65 has the lowest grade.

The contextual dimension of Heterogeny factor: with regard to the amount of Chi square which is equal to 99.59 (df-4) and its meaningfulness in error level of less than 0.01, it should be said there is meaningful difference among 5 indexes of contextual dimension and consequently the readiness situations of these indexes for ideal situation differ from each other. Comparing the average of grades (table 5) shows that technology index with average grade of 4.93 has allocated the highest priority to itself. After that, the highest grade is allocated to the amount of life period of organization with average grade of 3.98. in other words, the results of Friedman test showed that in managers, opinion, two indexes of technology and life period of organization have the highest readiness situation for ideal situation. The index of strategic management situation with lowest grade of 1.43 has the lowest grade.

General analysis of Heterogeny factor: with regard to the amount of Chi square which is equal to 27.01 (df-1) and its meaningfulness in error level of less than 0.01, it should be said there is meaningful difference between two structural and contextual dimensions from Heterogeny factor and consequently the readiness situations of these two dimensions for ideal situation differ from each other. Comparing the average grades (table 6) shows that the structural dimension with average grade of 2 has higher average than contextual dimension which means that in Heterogeny factor, structural dimension has more readiness

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Indexes	Average grade
Structural dimension	2
contextual dimension	1

Table 6-Fridman test: grading the contextual and structural dimensions from Heterogeny factor

Indexes	Average grade
The amount of specialization in organization	4.31
The organization formality level	3.43
Personnel ratios	2.98
The amount of organization complexity	2.91
The organization concentration level	1.37

Table 7- Friedman test: grading the indexes of structural dimension from Autogeny factor

Indexes	Average grade
Technology	4.76
Environmental situation	3.93
Organizational culture	2.76
Life period of organization	2.43
Strategic management situation	1.13

Table 8- Friedman test: grading the indexes of contextual dimension from Autogeny factor

for ideal situation.

Structural dimension of Autogeny factor: with regard to the amount of Chi square which is equal to 63.07 (df-4) and its meaningfulness in error level of less than 0.01, it should be said that there is meaningful difference among 5 indexes of structural dimension and the grade of these indexes and consequently the readiness situation of these indexes for ideal situation differ from each other. Comparing the average of grades (table 7) shows that the index of the amount of specialization in organization with average grade of 4.31 has allocated the highest priority to itself. After that, the highest grade is allocated to the organization formality level with average grade of 3.43. in other words the results of Friedman test showed that in managers, opinion, two indexes of the amoint of specialization in organization and organization formality level have the highest readiness situation for ideal situation. The index of organization concentration level with average grade of 1.27 has the lowest grade.

The contextual dimension of Autogeny factor: with regard to the amount of Chi square which is equal to 91.06 (df-4) and its meaningfulness in error level of less than 0.01, it should be said that there is meaningful difference among 5 indexes of contextual dimension and consequently the readiness situations of these indexes for ideal situation differ from each other. Comparing the average of grades (table 8) shows that technology index with average grade of 4.76 has allocated the highest priority to itself. After that, the highest score is allocated to the environmental situation with average grade of 3.93. In other words the results of Friedman test showed that in managers' opinion, two indexes of technology and environmental situation have the highest readiness situation for ideal situation. The index of strategic management situation with average grade of 1.13 has the lowest grade.

General analysis of Autogeny factor: with regard to the amount of Chi square which is equal to 20.16 (df-1) and its meaningfulness in

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Average grade	Indexes
1.91	contextual dimension
1.09	Structural dimension

Table 9- Fridman test: grading the contextual and structural dimension from Autogeny factor

error level of less than 0.01, it should be said that there is meaningful difference between two structural and contextual dimension from Autogeny factor and consequently the readiness situation of these two dimensions for ideal situation differ from each other. Comparing the average of grades (table 9) shows that contextual variable with average grade of 1.91 has higher average than structural dimension which means that in Autogeny factor, contextual dimension has more readiness for ideal situation.

Conclusion

Here a summary of the research findings is presented: According to the findings of structural dimension of Discretion factor, in managers opinion two indexes of organization formality level (4.43) and the amount of specialization (4.09) in organization have the highest readiness situation for ideal situation. The index of personnel ratio with average grade of 1.50 has the lowest grade. The results of contextual dimension of Discretion factor showed, in managers, opinion two indexes of technology (4.69) and organizational culture (4.31) have the highest readiness situation for ideal situation. The index of environmental situation with average grade of 1.83 has the lowest grade. Also according to the results, structural dimension with average grade of 1.83 has higher average than contextual dimension which means that in Discretion factor, structural dimension has more readiness for ideal situation.

According to the findings of structural dimension of Heterogeny factor, in managers, opinion two indexes of organization concentration level (4.22) and personnel ratios (3.81) have the highest readiness situation for ideal situation. The index of the amount of organization complexity with average grade of 1.65 has the lowest grade. The results of contextual dimension of Heterogeny factor showed, in managers' opinion two indexes of technology (4.93) and life period of organization (3.98) have the highest readiness situation for ideal situation. The index of strategic management situation with average grade of 1.43 has the lowest grade. Also according to the results, structural dimension with average grade of 2 has higher average than contextual dimension which means that in Heterogeny factor, structural dimension has more readiness for ideal situation.

According to the findings of structural dimension of Autogeny factor; in managers, opinion two indexes of the amount of specialization in organization (4.31) and organization formality level (3.43) have the highest readiness situation for ideal situation. The index of organization concentration level with average grade of 1.37 has the lowest grade. The results of contextual dimension of Autogeny factor showed, in managers, opinion two indexes of technology (4.76) and environmental situation (3.93) have the highest readiness situation for ideal situation. The index of strategic management situation with average grade of 1.13 has the lowest grade. Also according to the results, contextual dimension with average grade of 1.91 has higher average than structural dimension which means that in Autogeny factor, contextual dimension has more readiness for ideal situation.

Suggestions

-Serious and accurate cooperation of other institutions such as judicial system of country, police force and supervisor institution on cooperatives (Ministry of labor, cooperatives and social welfare) with central bank is in or-

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der to prevent from mushrooming development of unlicensed financial and credit institutions and dealing with them.

-Decreasing of political interventions in appointments of bank officials and selecting the specialized and professional persons besides accepting the opinions of central bank from relevant institutions such as the ministry of Economic Affairs and Finance can be another solution for improving the supervision situation of central bank on monetary and financial institutions of the country.

- Also about compiling the discretionary and non-discretionary rules for monetary and financial institutions, the desired situation is stronger than existing situation. The main reasons of it are the existing legal inconsistencies between monetary and financial rule, banking operations rule without hypocrisy, the rule of unorganized monetary market, the rules of fifth-year development plan and yearly budget rules that have made the circular letters of central bank ineffective and decreased their effects vastly. Therefore like what was mentioned in before paragraph, refining the rules and comprehensive revising in monetary and financial rules collection of the country is suggested as main solution for solving this difficulty.

-About intervention of central bank in the rule related to itself, also the desired situation has stronger conditions than today situation. Discretion of central bank in revising its organizing rule (monetary and financial rule of the country) like some developed countries will be another solution for improving the discretion of central bank in its network, because central bank through inserting the necessary and effective legal provisions can provide the banking supervision, foreign exchange regime and its other required tools.

-About intervention of central bank in fulfillment of financial stability, the intervention of central bank in financial development fulfillment and financial services industry, the following points can be proposed:

-Financial stability fulfillment is obtained through fulfillment of banking system health. Weakness of banking supervision and central bank information, lack of legal contexts for exerting power in banking network are the factors that can tarnish the financial stability. Therefore the suggestions which were proposed for improving the supervision of central bank can improve the financial stability and guarantee its existence.

-About financial development and financial services industry, according to the existing rules, central bank isn't permitted to enter into financial services industry. For example entering of central bank in insurance industry, some of the components of financial intermediation industry and like them need to be changed in organizing rule of central bank (monetary and financial rule of the country). In specialists, opinions, entering of central bank to this domain is necessary and now the discretion of central bank in this part is low and weak. Adding some provisions to the duties of central bank with the purpose of discretion of central bank in financial development and generally financial services industry will be a solution so that the monetary market of the country not to be influenced by ot5her financial markets. It is necessary to be said that the amount of intervention and discretion of central bank should be determined accurately in financial services industry so that the overlapping of duties not to be created between central bank and other supervisor institutions on financial services industry.

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