ROLE OF SOCIAL CAPITAL IN EMPLOYEE PRODUCTIVITY IN IRANIAN BANKS

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Abstract- The purpose of this study is to investigate the role of social capital in employee productivity in the selected banks in Isfahan Province. It is a descriptive-correlational approach, and the statistical population includes 115 bank employees in 2014-2015 that are selected through simple random sampling. Tools of data collection were Nahapiet and Ghoshal's social capital questionnaire and Hersey and Goldsmith's productivity questionnaire. The collected data was analyzed at descriptive and inferential statistics levels including independent t-test, variance analysis, Pearson correlation coefficient, and regression analysis. The results disclosed that cognitive dimension of social capital has a slight predictability (β=0.013) for productivity but in turn, the structural and relational dimensions of social capital have the highest predictability for productivity with predictable values equal to β= 0.625 and β= 0.267.

Keywords- Social Capital, Productivity, Selected Banks in Isfahan Province.

I. INTRODUCTION

Social capital is a modern concept that nowadays has been proposed in economic and social investigations of modern communities and has been led to theories that are the basis for other management studies. This capital plays a more important role than physical and human capital in corporations and communities. It is the result of group and social interactions and norms and unlike other capitals, it does not exist physically. Increasing of this capital can reduce administration expenses of society seriously as well as operating costs of firms. Also, an acceptable amount of social capital facilitates social interactions so that it can be used as the most principal source to solve the problems and modify the current processes under critical conditions. Social capital is regarded as the infrastructure of economic development in any community. Importance of this capital in economic development is to the extent that it can be observed in economic prosperity of all developed communities clearly. Social capital shapes people's behavior aside for the formation of moral and behavioral rules and regulations and helps the growth and dynamism of human capital and physical and economic capital in interaction with each other [1].

In the current high competitive world, productivity as a philosophy and viewpoint based on improvement strategy constitutes the most important objective of any firm [2]. On the other side, one of the effects of social capital is to increase labor force productivity. To put it differently, it can be stated that the driving force for any kind of productivity is the manpower. Banks are the major element of the financial system in every economy and play a determinant role. Also, they are the most important tool of growth and development of countries. Positive and effective activities of banks can have significant effects on the growth of economic sectors and enhancement of productions in each sector or prosperity in some economic aspects [3].
Given the importance of the above issues and their effect on each other, the present study investigates the role of social capital in employee productivity in the selected banks in Isfahan Province.

II. STATEMENT OF THE PROBLEM

Today, it is highly necessary for firms to distinguish themselves through their intangible assets by moving toward the global economy and ever-increasing competitiveness. Social capital is one of these intangible assets. This capital is created among the members of a social system (for instance a firm) through social relations and interactions [4].
One of the major issues of social capital that managers are facing with is to improve employees' performance and thus increase productivity of a firm. In addition, labor force is the important and effective factor in productivity. Employees are valuable assets of any firm. Achieving the purposes of each firm depends on proper management of these valuable resources.
Hence, social capital can have economic, social and political advantages and banks can achieve more favorable and lower cost results due to the existence of social capital. Similarly, firms (for instance banks) can understand inter-personal and group interactions better by recognition and identification of social capital dimensions and can direct their organizational system better. Components such as trust, voluntary participation, and the like in social capital cause to decrease management expenses such as formal supervision and control, managerial consultations, the slowness due to bureaucratic system, etc. and the possibility to use the time and capital to perform higher productivity activities is provided [5]. Bank managers should pay attention to the importance of social capital as a vital element to improve the

function of the system under their supervision, increase customer satisfaction and finally achieve and maintain competitive edge because of economic activities in their firm.

III. SIGNIFICANCE OF THE STUDY

Existence of social capital is the key to establish civil society and finally obtain sustainable development. In the absence of social capital, other capitals lose their effectiveness and as a result, fulfillment of development paths and cultural and economic evolution will become difficult [6].

On the other hand, productivity is an important concern for firms. It is a combination of efficiency and effectiveness that emphasizes qualitative and quantitative issues simultaneously. Happiness and prosperity of each nation depends on work and attempt of all people and productivity is a criterion for performance assessment of these activities and attempts in various socio-economic sectors. Since productivity especially labor force productivity is the major origin of economic growth and national welfare, the human factor must be considered at different country levels [7].

Generally speaking, conducting the current study has become necessary since bank managers pay less attention to the issue of social capital in banks and perhaps some of them are not familiar with this topic. Moreover, the business world in the competitive era and competition among the banks and paying attention to degree of productivity and efficiency in a system, its measurement and simultaneous evaluation of feedbacks have attracted the attention of managers to the effective factors on increased productivity in a firm. On the other hand, given the previous studies it is obvious that social capital has not been ineffective on productivity and efficiency.

IV. LITERATURE REVIEW

Social capital is a concept that nowadays has been proposed in economic and social studies of developed societies. It is social communications and networks that can create cooperation and confidence among the people. Unlike other capitals, social capital does not exist physically; rather it is the result of group and social norms and interactions wherein, its increase can reduce administration expenses of society as well as operating costs of the firms seriously [8].

The issue of productivity and the necessity to improve, enhance and pay attention to it have been regarded as one of the unavoidable necessities in firms. Productivity is a perfect and general concept that its increase as necessity to enhance living standard, more welfare, and convenience of people, has always been considered by those who are in charge of politics and economics and the statesment and is a major purpose for all countries. The important role of productivity enhancement in achieving managers' purposes cannot be ignored. Productivity is an important tool by which people can evaluate their firm and determine to what extent the existing resources have been employed favorably [9].

Bank is one of the institutions that has a significant role in economy of each country. Banks do their tasks by attracting deposits of people and working with the collected funds and if they can use the current resources toward their activities efficiently, they are able to achieve their purpose. Given the competitive world of banks with each other and paying attention to degree of productivity and efficiency in the system, managers have paid special attention to the issue that which factors can be effective on increased productivity in their firm. On the other side, considering previous studies about social capital and its effect on topics such as productivity and efficiency, job satisfaction, entrepreneurship, etc. it is obvious that social capital has been effective on each one of the above factors. Hence, paying attention to social capital and attaching importance to it can be useful for managers to improve and develop their firm.

In previous decades, several studies have been conducted about social capital and productivity and their consequences. Among these studies, the cases below can at least be mentioned.

Ahmadi and Mohamadi Bolbolan Abad [10] investigated the relationship among social capital dimensions and organizational citizenship behavior among the employees of customs duties in Kordistan province. They concluded that employees' social capital index in cognitive dimension has had the highest effectiveness on organizational citizenship behavior of the employees under study.

Khezrpour et al. [11] explored the relationship between social capital and productivity in employees of departments of sports and youth affairs in West Azerbaijan province and concluded that there is a direct and significant relationship among social capital and entrepreneurship, sport participation, productivity, labor productivity, employee commitment, and economic growth. Similarly, paying attention to social capital is unavoidable in order to enhance employees' productivity.

In a survey entitled "exploring the effective variables on productivity of the faculty members in Payame Noor University of Hamedan province" by emphasizing the role of social capital in 2014, Bakhtiari [12] concluded that there is a significant relationship between social capital dimensions (organizational support, feedback, credit, motivation, ability, understanding and cognition, consistency) and productivity. Moreover, it was showed that the most important effective dimension of social capital on productivity is work ability.

Vafaei Najar et al. [13] explored the relationship between social capital and performance of nurses in hospitals in Mashhad (among 320 nurses in the hospitals related to Mashhad University of Medical

Sciences) and reached to the conclusion that social capital of nurses has a direct relationship with their performance. Therefore, reinforcement of the factors related to social capital (including understanding, cognition, and trust) can improve performance of these employees.

In a survey entitled "the relationship between intellectual capital, social capital and labor force productivity in employees of branches of Bank Sepah in Golestan province" that was conducted on 185 employees, Pourghorban et al. [14] concluded that there is a significant relationship and a high positive correlation among social capital dimensions, intellectual capital dimensions and labor force productivity. Likewise, social capital can be considered as one of the organizational assets.

The results of studies by Sabatini [15] and Greve et al. [16] that was conducted in Italy, revealed that the employees in this country showed that there is a positive and significant relationship between social capital and productivity. In other words, whatever employees' social capital is enhanced, their productivity is increased too. The reason is that social capital referring to relations among the members of a network as a valuable resource leading to the realization of purposes of members and increased productivity by creating norms and mutual trust.

Salaran [17] conducted a survey entitled "social capital and productivity in higher education institutions in Australia". It was carried out in public universities in Melbourne that aimed to explore the role of social capital in increasing of productivity in academic institutions. He concluded that there is a strong and significant correlation among social interactions and productivity. Hence, the relationship between faculty members and their colleagues and other employees must be facilitated in universities.

In a study entitled "social capital in project-based firms" Vincenzo and Mascia [18] investigated the role of social capital in project performance in 54 organizational projects. They found that the project performance level is related considerably to social capital structure. Chuang et al. [19] carried out a study entitled "human resources management techniques and corporate social capital" on 161 companies in China and concluded that human resources management techniques are effective on social capital. Similarly, facilitation of relations among the employees has a positive effect on social capital. In their survey entitled "human capital, social capital and labor force productivity", Delmas and Pekovic [20] found that labor force productivity is increased if human capital and social capital are enhanced. In a study entitled "the effects of social capital on school performance" that was conducted in elementary schools in Mississippi, America, Misra et al. [21] concluded that the elementary schools located in places with higher social capitals have better performance than those located in places with relatively low social capitals.

Given the above theoretical principles, it is totally obvious that optimal use of financial, physical, and human capitals in the firm without social capital, i.e. without the network of mutual relations among the members along with trust, kindness, friendship, and maintaining organizational values and norms is not possible. This capital realizes the objectives by creating norms and mutual trust with cognitive and structural dimensions. It is possible to save costs by productivity that is the combination of efficiency and effectiveness. Improvement of productivity in a firm is the result of optimal, effective and efficient use of resources, reduction of wastes, decreased fixed price, improved quality, enhanced customer satisfaction as well as motivation and interest of employees that are at least led to the growth and development of a firm.

Previous studies conducted in exploring the effective factors on productivity have shown that social capital is effective on productivity and increasing of labor force productivity is one of the effects of social capital.

V. METHODOLOGY

This study is descriptive-correlational given the main purpose of the study that is exploring the role of social capital in employee productivity (in the selected banks in Isfahan province).

5.1. Statistical population

The statistical population included all employees of the selected banks in Isfahan province in 2014-2015 that were equal to 174.

5.2. Sample, sample size, and sampling method

Given Morgan's sample size, 115 employees were selected as the research sample. They were selected from the list of employees' name through simple random sampling method.

5.3. Data collection method, Tools and Analysis

Documentary study and field study were employed for data collection. Questionnaire was tool of data collection. Nahapiet and Ghoshal's [22] questionnaire was used to measure social capital and Hersey and Goldsmith's [23] questionnaire was employed to measure productivity. Descriptive and inferential statistics methods were obtained with the use of SPSS-18 software for data analysis.

VI. RESULTS

In this section, the research data including the main hypotheses along with subsections of secondary hypotheses is analyzed through inferential statistics tests. The results of testing the hypotheses are shown in Tables 1, 2, and 3.

Main hypothesis 1: Structural dimension of social capital plays a role in employee productivity in the selected banks in Isfahan Province.

Table 1: Results of linear regression about the effect of structural dimension of social capital on employee productivity

Statistical Index / Predictor variable		Structural dimension
Criterion variable		Productivity
Nonstandard beta coefficients	beta	0.267
	Standard error	0.059
Standard beta coefficients		0.392
T statistic		4.53
Significance level		<0.001

Main hypothesis 2: Cognitive dimension of social capital plays a role in employee productivity in the selected banks in Isfahan Province.

Table 2: Results of linear regression about the effect of cognitive dimension of social capital on employee productivity

Statistical Index / Predictor variable		Cognitive dimension
Criterion variable		Productivity
Nonstandard beta coefficients	beta	0.013
	Standard error	0.022
Standard beta coefficients		0.058
T statistic		0.620
Significance level		0.536

Main hypothesis 3: Relational dimension of social capital plays a role in employee productivity in the selected banks in Isfahan Province.

Table 3: Results of linear regression about the effect of relational dimension of social capital on employee productivity

Statistical Index / Predictor variable		Relational dimension
Criterion variable		Productivity
Nonstandard beta coefficients	beta	0.625
	Standard error	0.087
Standard beta coefficients		0.559
T statistic		7.170
Significance level		0.001>

According to results presented in tables 1,2 and 3, relational dimension of social capital has had the highest effect (β=0.625) on employee productivity. In the second order, there is structural dimension with impact factor equal to β=0.267. This effect is considerable and significant statistically (P value<0.05) but cognitive dimension with slight impact factor (β=0.013) has not had a considerable effect on employee productivity (P value>0.05).

DISCUSSION AND CONCLUSION

The present study aimed to explore the role of social capital in employee productivity in the selected banks in Isfahan Province. To this end, 115 employees were selected and social capital questionnaire and productivity questionnaire were employed for data collection. Values of Cronbach's alpha coefficient for both questionnaires were more than 0.7 that showed suitable coherence of the questions. The collected data via questionnaires was analyzed through independent t-test, variance analysis, Pearson correlation coefficient, and regression analysis.

The results disclosed that cognitive and relational dimensions of social capital in banks are at a desirable upper limit in viewpoint of employees, but in contrast, the structural dimension has the lowest value and this shows that the status of structural dimension of social capital is at a desirable limit. Similarly, exploring total status of social capital showed that this mean has a significant difference from the desirable limit statistically. Therefore, it can be stated that social capital has been desirable and partially excellent in viewpoint of employees.

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