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## **THE RELATIONSHIP BETWEEN SOCIAL CAPITAL AND PRODUCTIVITY (CASE STUDY: MELLI BANK S' EMPLOYEES IN KASHAN)**

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### **ABSTRACT**

The primary aim of the study is to investigate the components of social capital and its relationship with productivity of Melli bank s' employees in kashan. The present study based on purpose is practical and in descriptive- correlation way, which is conducted in spring and summer 2015. The statistical population involves all of the employees of Melli banks in 2015 and they, according to available statistics, are 200 persons. Sample who are 140 persons were determined by Cochran formula and collecting data were physically conducted by random sampling. It is used as quantitative way in order to collect data by questionnaire. Two methods involving library (internet, books, theses and research reports) and field study (questionnaire) methods were used to collect data. Also, to study theoretical and practical aspects, literature and research background, the library method was used. There were two questionnaires, which have been designed to collect data. One regarding human productivity which is based on Hersy and Goldsmith group (1980) and another were regarding social capital which is based on Kennedy group. Also it is verified its validity by experts and Universities professors as well as its reliability based on Cronbach s' Alpha coefficient 0.87. In present study according to goals and hypotheses, social trust, informal social communications, generosity morale and voluntary contribution, variety in communications and friendships, leadership and civil participation are considered as independent variables. The dependent variable is productivity of employees Also balancing variables are gender, age, education degree, field of study and working experiences. Pearson s' correlation and statistical software SPSS were used. According to results, there is a positive and significant relationship between social capital and human resources productivity at confident level 0.95. Thus it can be improved human productivity by increasing trust and engaging employees.

**Keywords:** *Social Capital, Human Resources Productivity, Trust, Employee's Engagement, Informal Communications*

### **INTRODUCTION**

The organizations have conducted several studies to find the motivation of employees in the entire world. So, they can find a solution to improve human productivity and effectiveness of its own employees.

One of the main purposes of each organization is productivity. To achieve it, using the systematic, native and practical view seems inevitable. Thus, the first step is to understand the factors resulting in productivity.

At the first glance, The results demonstrate that productivity can be affected by various factors and changed by so many factors involving social capital.

On of the most important aspects in social sustainable development is the use of capital concept in its social aspect. Although the capital term is basically used in economic area, but it has increasingly accepted in social area since two last decades. Currently, this introduce as one of the most important cases in development (National Logistics Center, 2006). In addition to 3 kinds of capital involving physical or productive capital, natural capital and human capital in economic analyses, it is added the fourth kind as social capital. Generally whatever is a key for economic development; it includes natural capital, physical or productive capital and human capital. In fact they are known as nations s' wealth. It is evident that these 3 kinds of capital only determine part of economic development process, because they ignore the way which economic actors interact with other in order to provide growth and development. Thus to

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study growth difference among countries those have similar situation regarding 3 kinds of capital, it should be found another missing case which is known as social capital (Share, 2006).

In modern world the organizations know that they should have productivity in order to use environmental opportunities. The dominance of productivity culture results in using all of the material and immaterial facilities of organizations. The productivity is defined as optimal use of resources (i.e. work, capital, land, materials, energy and information) to produce goods and services. Human resource is one of the most important factors in productivity development, success and achieving goal of each organization. The index of productivity, in service part, is based on human factor (work force) and its effective factors rather than technology and some other factors (Althin, 2005).

People have a social nature and interactions and social behaviors influence them and their productivity as well, so human interacts with others in community called organization (i.e. colleagues, client and etc). Bourdieu is one of the persons who introduce capital term. He announces the engagement and communication of each organization ' members as social capital (Alvani, 2002).

Social capital has been attracted by international organization such as World Bank and OECD in recent years. These organizations present several definitions for social capital. Although it is easy to define social capital, there is some differences for exact definition. It is said that social capital is depended on social relations (Field, 2003).

Thus, social capital is defined, at individual level, as the quality and quantity of social relations in community. The quantity of social relations is associated with their numbers and quality of them is associated with their importance and depth. On the other hand, because social capital helps people to achieve scarce resources in community, every relation which has such functionality is regarded as part of social capital. Beyond the individual level, these relational features are called norms, values and generally structural – cultural feature.

For organizations, productivity, attention to it and its development and improvement seem inevitable. We cannot ignore the role of productivity in order to achieve the goals in organizations. The productivity is like an important tool that people can analyze their organization and find whether available resources are used at optimal level.

Pay attention to social capital results in productivity. Because social capital is very important to community and social organizations, factors influencing on it will be at central focus. Also the conducted studies in other countries due to cultural, social and economic differences cannot be generalized to our organizations in Iran. As a result, the banks as the highest center for providing financial capital requires suitable tool to determine productivity of human resources in order to fulfill great duties and its own improvement and evaluate productivity and effectiveness. The statistics show that banks in spite of commercial and industrial organizations have rarely studied effective factors and methods to increase productivity of human resources and the studies conducted by organizations and industrial sectors is not suitable for banks as well (Jordan, 1994).

Additionally, it should be evaluated the factors and dimensions of social capital and productivity of human resources and their relationship in bank in order to improve productivity of human resources in bank.

According to above, we need to answer this question: Is there a significant relationship between social capital and the productivity of Melli bank s' employees in Kashan?

### **The Importance of Research**

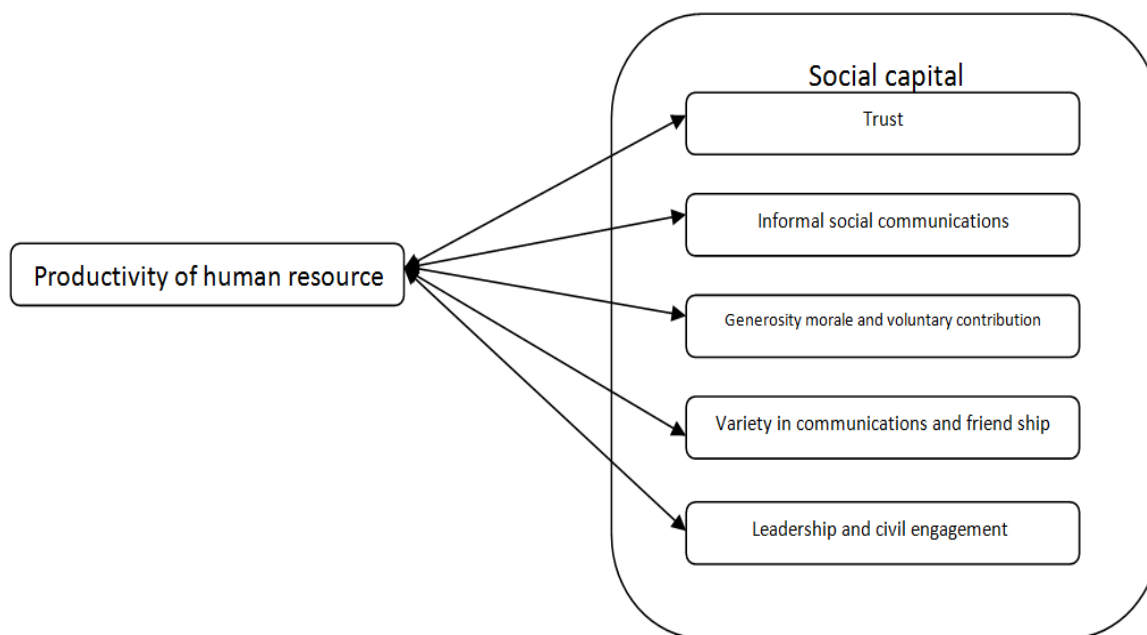
The banks as the highest center for providing financial capital requires suitable tool to determine productivity of human resources in order to fulfill great duties and its own improvement and evaluate productivity and effectiveness. Statistics show that banks have rarely studied effective factors and methods to increase productivity of human resources and studies conducted by organizations and industrial sectors is not suitable for banks as well.

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### The Conceptual Model of Research

In this study the conceptual model is based on Kennedy group designing to measure social capital.



### The Hypotheses of Research

#### The Primary Hypothesis

There is a positive and significant relationship between social capital and productivity of human resources in Melli bank s' employees in kashan.

#### The Secondary Hypotheses

- 1- There is a significant relationship between social trust and productivity of Melli bank s' employees in kashan.
- 2- There is a significant relationship between informal social communications and productivity of Melli bank s' employees in kashan.
- 3- There is a significant relationship between generosity morale and voluntary contribution and productivity of Melli bank s' employees in kashan
- 4- There is a significant relationship between variety in communications and friendships and productivity of Melli bank s' employees in kashan
- 5- There is a significant relationship between leadership and civil engagement and productivity of in Melli banks' employees in kashan

### Literature Review

Productivity is defined as power of production, being fertile and generative. This has recently prevailed in scientific and office culture. There are other meanings involving efficiency, power of production and production capacity in some studies (Motaghi, 2005). The productivity is optimal use of production factors, so there is intellectual attitude about productivity that is always tried to improve available resources. The productivity is based on this view that human can carry out his duties and tasks better than it was before. A productivity center in Japan defined productivity as : The purpose of productivity improvement is to minimize usage of human resources, facilities and etc in scientific way and also to reduce production costs, markets development, employment growth and try to raise salary and improve life standards in favor of employees, managers and consumers. A national association in Singapore defined productivity as: A intellectual attitude trying to achieve improvement and also systems and series of activities changing attitude into an action (Motaghi, 2005).

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### **Factors Influencing on Increasing Productivity**

- Good behavior and manner of leaders and managers: The great responsibility of leadership should be undertaken people who use suitable management and leadership methods and have especial personality feature as well.
- Providing essential conditions for career improvement by in-service training and education of employees: we should take account in- service training and education of employees as essential factor since it can be coordinated available facilities and new scientific improvement with efforts of employees by education.
- It should be evident all of the duties, instructions and regulations for employees
- The employees should have enough authority to feel more responsibility in their tasks.
- It should be adopted skillful and specialized people during recruitment and oral and written tests seem essential.
- It should be tried to engage all of the employees in making decisions, making plan and goals. As a result, employees will feel more responsibility to carry out their duties and try more to achieve organizations s' goals.
- High quality of work life: This means that it should be respected to people in their work environments. Generally it should respect to all of the factors influencing on high quality life.

### **Factors Influencing on Productivity of Human Resources**

#### *Education*

One of the most considerable human capitals is education that plays important role in productivity and economic growth. Education has bimodal role that is, in on hand, it can cause to increase work force and create ability and skill and on the other hand it can provide an area for using high technology (Motaghi, 2005).

#### *Training*

Training is a series of actions results in skill, knowledge and essential insight to carry out works.

#### *Technology*

Hardware is a symbol for machinery, equipment and tools and software is a symbol for knowledge and ability to use tools and equipment. In other world, organization is a phenomenon organizing the human activities in form of different technologies.

The role of engagement and cooperation in productivity

The Engagement not only helps to change organization but also has in depth educational effect. During changing process, the engagement of workers in order to create suitable environment and attitude to increase productivity seems essential.

Rud *et al.*, (2003) (cited by NasrAllah, 2005) state that engagement is key factor in productivity; also the engagement theory shows relationship between engagement and productivity.

Nemes (2005) states that the actions focusing on engaging and communicating allow people to interact with each other in efficient way, thus it causes innovation and creativity in groups.

Brown (1998) (cited by NasrAllah, 2005) suggests that if the engagement is used as a factor for motivation and control of employees, it can increase productivity of them. This is a kind of management, although the relationship between engagement and productivity is very complicated and isn't considered as effective factor for analyzing, recent findings show a positive relationship between productivity and engagement.

### **Different Perspectives of Productivity**

A – Productivity based on systematic perspective

B — Productivity based on Japanese perspective

C – Economic paradigm of productivity

#### *Social Capital*

Nowadays, in addition to economic, cultural and symbolic capital, there is another capital called social capital. This concept is associated with connections and communications among members as valuable resource which can cause to achieve goals by creating norms and mutual trust. The social capital is a way

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to achieve success and development. It includes different entities which have two elements in common; they have social structure and can facilitate a certain act of actors in it. Social capital like other forms is a generative capital. Social capital in spite of other forms is at central structure of actors' relations. Coleman after defining social capital announces different series of acts, consequences and relations as social capital. In his view social capital is able to work in per se and allow people to work.

Finally, social capital in his view is normatively and ethically neutral. It is neither desirable nor undesirable and simply by providing essential resources makes taking action possible (Coleman, 1998).

#### *The Elements and Components of Social Capital*

The main elements of social capital are: awareness of public, politic and social affairs, public trust, institutional trust, and cooperative informal engagement, and benevolent informal engagement, religious informal engagement, participating in unions, associations, organizations and formal civil institutions.

Nevertheless. In our view the components including social trust, social solidarity and social engagement which are interacting with each other are regarded as the main components of social capital. These three components are key conceptions in sociology as well.

#### *Social Trust*

Trust seems essential in forming connections and social agreements. Social trust can create cooperation. So, in spite of differences, it can solve the problems and fulfill social commitments. Social trust is derived from justice, equality and social security.

Anthony Giddens suggests that trust and its effect on development process are fundamental parts in the modern world. If social trust is at high level, cooperation and engagement of people will increase in society and as a result social damages will reduce (Akbari, 2004).

#### *Social Solidity*

Jonathan Turner (cited by Dour Kim) states that solidarity occurs when the feelings of people are organized by cultural symbols and people are associated with social group, acts arranged and organized by norms and legal inequalities imagined, too (Akbari, 2004).

#### *Social Engagement*

The engagement is defined as "participating people in form of group effort and attempt in an organizational frame work that the members can achieve their goal by collecting resources, As a result, the engagement is a dynamic process that participants are encouraged to take action by their thinking and active control".

UNESCO concentrates on engagement as process for social and civil self learning, human right and precondition for development, also it offers that development should start from people and whatever they want, think and believe (Akbari, 2004).

Thus, social engagement is an organized process which consciously, voluntarily and collectively arranged by people with regard to certain goals in order to participate in power resources.

The symbol of such an engagement is institutions including unions, groups, local and nongovernmental organizations (Akbari, 2004).

There are different models of social capital such as Nahapiet and Ghoshal s' model, stone s' model, Paxton s' model and Putnam s' model.

## **MATERIALS AND METHODS**

### ***The Methodology of Research***

The present study in terms of purpose is practical and in descriptive- correlation way. Also, it is a kind of survey and cross- sectional (Khaki, 2011). It is used as quantitative way in order to collect data by questionnaire.

The statistical population involves all of the employees of Melli banks in 2015 and they, according to available statistics, are 200 persons. Sample (140 persons) was determined by Cochran formula and collecting data were physically conducted by random. In present study according to goals and hypotheses, social trust, informal social communications, generosity morale and voluntary contribution, variety in communications and friendships, leadership and civil participation are considered as independent

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variables. The dependent variable is productivity of employees also balancing variables are gender, age, education degree, field of study and working experiences.

Two methods involving library (internet, books, theses and research reports) and field study (questionnaire) methods were used to collect data. Also, to study theoretical and practical aspects, literature and research background, the library method was used.

Cronbach s' Alpha coefficient was used for final assessment of questionnaire and Cronbach s' Alpha coefficients based on study are 0.804 for social capital and 0.869 for productivity variables.

## RESULTS AND DISCUSSION

### Findings

The demographic data of respondents are as follows:

A large number of people are in 40-50 age group (59 persons, 0.42.1) and a small number are in 20-30 age group (13 persons, 0.9.3).

A number of men are (134 persons, 0.95.7) and women are (4 persons, 0.2.9).

The most frequency is in B.A (53 persons, 0.37.9) and the least is in Ph. D (1 person, 0.7).

The most work experience is allocated to above 20 years (61 persons, 0.43.6) and the least is allocated to less than 5 years (8 persons, 0.5.7).

### The Normalized Test of Productivity Variable

**Table 1: The normalized test of productivity variable**

Productivity variable	
Kolmogorov smirnov	0.766
Significant level	0.601

According to 0.766 in normalized test of productivity variable, we conclude that significant level (0.601) which is more than 0.05, can verify our  $H_0$  hypothesis showing normality.

### Hypotheses Test of Research

**Table 2: The analysis of research hypothesis**

Hypotheses	Pearson s' correlation coefficient	Significant level of correlation
The primary hypothesis	0.977	0.000
The first secondary hypothesis	0.0723	0.000
The second secondary hypothesis	0.801	0.000
The third secondary hypothesis	0.730	0.000
The fourth secondary hypothesis	0.676	0.000
The fifth secondary hypothesis	0.775	0.000

### Discussion

There is a significant relationship between social trust and productivity of employees in Melli bank. According to results in tables, we can conclude that the relationship of these variables is significant at 0.000 level and significant level is evaluated at confident level 0.95. Table 2 shows Pearson s' correlation and significant level of correlation demonstrating positive and direct correlation which is statistically significant, too.

### Findings and Analyses of Multi Variable and Regression Model

**Table 3: Multi variable regression for predicting productivity in step by step method**

Variable	R	R <sup>2</sup>	F	Significant
Social capital	0.977	0.955	2919.64	0.000
Social trust	0.980	0.960	1665.37	0.000

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**Table 4: Regression s' coefficients of standard and non standard**

Prediction variable	B	Se-B	Beta
Social capital	0.950	0.024	0.907
Social trust	0.103	0.023	0.103

**Table 5: Variables out of regression equation**

Variables out of regression equation	Correlation	T	Sig(T)
Informal social communications	0.141	1.66	0.098
Generosity morale and voluntary contribution	0.040	0.42	0.644
Variety in communications and friendships	-0.087	-1.01	0.312
Leadership and civil engagement	-0.074	-0.86	0.388

### Interpretation

Our model can predict 0.96 of dependant variable variance using studied variables in the research. As it seen in table, regression model can continue in two steps, R value in the first step is equal to 0.977 for social capital and its Beta coefficient is equal to 0.950. In the second step, R value is equal to 0.980 for social trust and its Beta coefficient is equal to 0.103. Also variables including informal social communications with significant level 0.098, generosity morale and voluntary contribution with 0.644, variety in communications and friendships with 0.312 and leadership and civil engagement with 0.388 are out of the regression equation because their significant level are more than 0.05 and haven't any effect on regression equation.

### Conclusion

The primary hypothesis: There is a positive and significant relationship between social capital and productivity of Melli bank s' employees in kashan.

The important hypothesis of research is to study relationship social capital and human resources productivity which is verified confidant level 0.95, correlation coefficient 0.977 and significant level 0.000. It means that if social capital improves, it will improve productivity of human resources in positive way.

Social capital plays more important role than physical and human capital in organizations and societies, also other capital loses its effectiveness without social capital.

The creation and development of social relations is based on trust and by engaging employees in activities in addition to focusing on social capital of organization, it can improve functionality of organization and productivity of human resources.

Tom (2007) in a research called the study of effective factors on productivity of employees using statistical model of factorial analysis determined that human relation is one of the most important effective factors on productivity of managers showing relationship among successful factors with productivity at level  $\alpha = 0.0$ .

The first secondary hypothesis: There is a significant relationship between social trust and productivity of employees in Melli bank.

It can be improved the productivity of human resources by making trust among employees and forming cooperative groups in order to carry out tasks especially in making decisions.

Putnam introduces trust as a key for social capital.

Social trust can create cooperation. So, in spite of differences, it can solve the problems, fulfill social commitments and increase productivity. Social trust is derived from justice, equality and social security.

Anthony Giddnes suggests that trust and its effect on development process are fundamental parts in the modern world. If social trust is at high level, cooperation and engagement of people will increase in society and as a result social damages will decrease (Akbari, 2004).

The more radius of trust is, the more social capital is and as a result the productivity in an organization will increase. If a social group has a positive attitude toward the other members of groups, the radius of trust in this group will be beyond it.

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Khomrneia *et al.*, (2010) in a study about trust found that two social capital components (trust and generosity morale) influence the career fatigue of female nurses.

Hassanzadeh *et al.*, (2010) demonstrated that the organizations by two trust and engagement components can form committee for increasing productivity which is in accordance with our research.

The second secondary hypothesis: There is significant relationship between informal social communications and productivity of Melli bank s' employees.

Putnam has studied informal social communications and evaluated the communications with friends, relatives and colleagues within office environment and out of it. He shows that there is not a significant relationship between productivity and communications which is not in accordance with our research. There are a lot of reasons for it such as obsession of employees or the separation of spaces so they cannot communicate with each other.

The third secondary hypothesis: There is a significant relationship between generosity morale and voluntary contribution and productivity of Melli bank s' employees.

The results derived from statistical analysis show that this hypothesis is verified by confidence level 0.95, correlation coefficient 0.730 and significant level 0.000. It means that if generosity morale and voluntary contribution of employees improve, the productivity of human resources will improve in a positive way, too. These points to benevolent cooperation dimension such as supporting and assisting others and participating in charity unions.

The fourth secondary hypothesis: There is a significant relationship between variety in communications and friendships and productivity of Melli bank s' employees.

The results derived from statistical analysis show that this hypothesis is verified by confidence level 0.95, correlation coefficient 0.676 and significant level 0.000. It means that if communications and friendships of employees improve, the productivity of human resources will improve in a positive way, too. This shows the communication with people in different groups, races and religions. In the studied organization, different races and groups interact with each other so, it can reduce the productivity of human resources in organization.

The fourth secondary hypothesis: There is a significant relationship between civil engagement and productivity of Melli bank s' employees.

The results derived from statistical analysis show that this hypothesis is verified by confidence level 0.95, correlation coefficient 0.775 and significant level 0.000. It means that if the engagement of employees improves, the productivity of human resources will improve in a positive way, too.

The social engagement is an organized process which consciously, voluntarily and collectively arranged by people with regard to certain goals in order to participate in power resources (Azkia, 2004). The results are in accordance with results conducted by Torabi *et al.*, (2010) in livestock and poultry association. They show that social engagement, trust, solidarity and social capital influence the performance of associations.

### **Suggestions**

It is suggested that the studied organization forms committee for more engaging employees in making decisions. Also it is recommended that they interact with each other well. By establishing loan funds in addition to assessing people and improving generosity moral and productivity of human resources, it can be reduced economic problems. Also, it should provided gatherings and recreational- cultural programs by increasing social relations and different communications in the presence of employees ' family.

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