Effect of Organizational Investment in Social Capital on Employees Commitment and Performance: the Study of Gilan State’s Bank Parsiyan Branches

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ABSTRACT

One of the main concerns of many organizations is the degree of employee commitment towards their organizations and their duties. Employees are seen as social capital which is a new notion related to the social sciences. This study aimed to examine the effect of investments in the social capital on the loyalty and performance of employees at Parsian Bank, Gilan Province Branches. Data was gathered questionnaires and field work. The content validity of the questionnaires was approved by the professors' opinions, and the reliability of the questionnaires was determined by Cronbach's alpha method. SPSS 20 and LISREL 8.80 were used for the purposes of data analysis and hypothesis testing. Moreover, such statistical tests as Pearson's Correlation Coefficient and the Structural Equation Modeling (SEM) were used. The results of both the SEM analysis and the Pearson's Correlation Coefficient indicated that both statistical methods produced similar results, that is, the research hypotheses were statistically significant and approved according to both methods. Therefore, the research model was statistically significant.

KEYWORD

Social Capital, organizational commitment, employee performance, Structural Equation Modeling

STATEMENT OF THE PROBLEM

In the recent decade, the issue of social capital has been at the center of attention of academic and research circles around the world. Social capital consists of norms, informal values, conventional rules, and moral commitments resulting in a framework which defines the mutual behaviors of individuals and facilitates social communications. This leads to increased social cooperation and helps the human, material and economic resources grow dynamically[1]. Proper understanding of social relationships accounts for individuals' behaviors. The examination of the effect of social relationships (or social capital) on social problems is not new in itself, however, the actual testing of the notion of social capital as a conceptual construct have produced new insights into social relationships and into the lives of people. The theoretical expansion of this notion provides more insights into the realm of social relationships [2]. One of the main concerns of many organizations is the degree of employee commitment towards their organizations and their duties. Organizational commitment is one of the strategic aspects concerning the performance and services of organizations. If employees do not remain committed to their organizations, the performance and capabilities of the organizations decrease accordingly. With an increase in the labor market fluidity and turnover rates in the recent years, organizations have attempted to increase their employees' commitment by making investments in the social capital and taking into account the influencing factors [3].

Nowadays, organizations should develop mechanisms for innovation in their products and services and improvement of their processes, share them with their employees and apply them on a daily basis. In this way, they can satisfy extreme competitive requirements of the marketplace and the ever-changing needs of customers [4]. Therefore, understanding the interrelation of social capital, organizational commitment, and performance in such service environments as banks can facilitate the development of appropriate strategies in the area of human resources. Commitment to banking service quality, which is a new notion, can help employees increase their commitment towards delivering higher quality services. This study attempted to determine the degree of the effect of the social capital on organizational commitment. This study was conducted in Parsian Bank, Gilan Province, using the internal consistency and Cronbach's Alpha for determining the validity and reliability of the study. Furthermore, the research hypotheses were tested by the SEM analysis by the use of SPSS 20 and LISREL 8.80. In the first section here, a
review of the related literature is presented and the research variables and hypotheses are defined. In the second section, the research methodology is explained. In the third section, data analysis is conducted. And the final section concerns the conclusions and suggestions.

**REVIEW OF LITERATURE**

Sociologists found out that individuals who belong to different social groups, societies and syndicates enjoy a higher self-confidence in comparison to other individuals who do not do so, and that their degree of trust and responsibility in the group and even towards outsiders are far greater[5]. A Russian study found out that the lack of appropriate moral and legal principles, given that legality and moral loyalty are seen as social capital, led to official volunteer behavior which is implicitly or explicitly not incited by the official incentive system and that increases the perceived organizational support and social capital were found to be significant.

Table 1 presents the related literature.

<table>
<thead>
<tr>
<th>Number</th>
<th>Researcher's name and year of publication</th>
<th>Research Topic</th>
<th>Research Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Muhammad JavadMasoumi (2014)</td>
<td>Analysis of the interrelationship of the organizational commitment of the civil servants of Omidieh Water Company</td>
<td>An increase in organizational commitment leads to an improved citizenship behavior, which in turn improves the effectiveness and efficiency of organizational activities.</td>
</tr>
<tr>
<td>2</td>
<td>Reza Shafei (2014)</td>
<td>Examination of the effect of the different aspects of social capital on organizational commitment of the employees of Omidieh Water Company</td>
<td>The structural and relationship aspects of social capital has effects on organizational commitment while the cognitive aspect does not do so.</td>
</tr>
<tr>
<td>3</td>
<td>Mahdieh Bahari (2014)</td>
<td>Analysis of the relationship of organizational commitment and service quality in the Social Security Organization, Alborz Province Branches.</td>
<td>There is a significant relationship between organizational commitment and service quality from the perspective of the customers.</td>
</tr>
<tr>
<td>4</td>
<td>Akmal Hussein et al. (2013)</td>
<td>Organizational Investment in SocialCapital (OISC) and EmployeeJobPerformance: ModerationbyEmployeeEngagement</td>
<td>There is a positive and significant relationship between the variable of the perceived organizational support and job performance and its components. The perceived organizational support can positively affect job performance and its components.</td>
</tr>
</tbody>
</table>

**DEFINITION OF VARIABLES**

- **Investment**: It is the giving away of any current value (normally known) in exchange for any future value (whose amount or quality is unknown). In other words, investors give away something of value in exchange for a desired future value (Tajbakhsh, 2006).
- **Social Capital**: Social capital is a set of productive assets which produce goods capable of being supplied to the market in order to earn profits for the public and private sectors. It also includes those goods and services such as defense and education incapable of being sold to the market.
- **Organizational Commitment**: Organizational commitment is identifying with a particular organization and its goals, and wishing to maintain membership in the organization [7].
- **Job Performance**: It is the process of explaining the effectiveness and efficiency of past activities [8].
- **Organizational Citizenship Behavior (OCB)**: It is a volunteer behavior which is implicitly or explicitly not incited by the official incentive system and that increases the organizational efficiency [9].
- **Service Quality**: Service is a process consisting of a series of more or less intangible activities, which are naturally but not necessarily constantly performed in interactions between customers and employees and/or between material resources or goods and service delivery systems to meet customer needs [10].

**RESEARCH GOALS**

1. To determine the effect of organizational investments in social capital on the different aspects of the commitment of Parsian Bank's employees.
2. To determine the effect of employee commitment on job performance of Parsian Bank's employees.
3. To determine the effect of employee commitment on citizenship behavior of Parsian Bank's employees.
**Primary Hypothesis**

There is a significant relationship between investment volumes in employee social capital and the degree of their organizational commitment.

**Subsidiary Hypotheses**

1. There is a significant relationship between investments in social capital and employee commitment.
2. There is a significant relationship between investments in social capital and employee commitment towards service quality.
3. There is a significant relationship between investments in social capital and employee job performance.
4. There is a significant relationship between investments in social capital and employee citizenship behavior.
5. There is a significant relationship between investments in employee commitment and employee job performance.
6. There is a significant relationship between investments in employee commitment and organizational citizenship behavior.
7. There is a significant relationship between investments in employee commitment towards service quality and job performance.
8. There is a significant relationship between investments in employee commitment towards service quality and organizational citizenship behavior.
9. There is a significant relationship between investments in job performance and organizational citizenship behavior.

Correlation matrix or covariance analysis are conducted in Factor Analysis (FA) and Structural Equation Modelling (SEM). FA summarizes a series of data and deals with latent variables (constructs) and the SEM models test structured relationships based on research hypotheses and findings [15].

This study used the SEM method to answer the research questions and test the research hypotheses. SPSS 20 and LISREL 8.80 were used for the purposes of data analysis and hypothesis testing.

Statistical population refers to the whole group of individuals, events or things a researcher seeks to study them (Sokaran, 2008), and sample group is a small group of individuals selected out of the statistical population. This study used the whole number of Parsian Bank’s employees in Gilan Province branches (400 people) as the population and the sample was reduced to 197 people.

Data was gathered by using library sources and questionnaires and field work. In order to prepare the questionnaire, the standard items from the Ellinger et al.’s (2012) were used. The five-point Likert Scale was used. Every variable was analyzed by using several items and none of the respondents were directly questioned about the variables.

Validity: By validity, we mean that the measurement device can measure the given features [16]. Different methods can be used to determine the validity of questionnaires, one of which is the content validity. This study used the opinions of professors to determine the content validity of the questionnaire.

Reliability: Reliability shows the logical consistency of responses in the measurement device and helps evaluate the appropriateness of the measurement device. Different methods can be used to determine the reliability coefficient, the most important of which is Cronbach's Alpha. Cronbach's Alpha is used to measure the internal consistency of questionnaires or tests measuring different features.

The SEM method is seen by researchers in the field of the humanities as an appropriate tool for testing the complex interrelationships of human variables and for overcoming the traditional analytical methods. This study made use of several independent variables, the effects of which on the dependent variable were examined with the SEM method.

The statistical data analysis was conducted with LISREL and SPSS. The following statistical tests were used in this study: Pearson's Correlation Coefficient. Pearson's Correlation Coefficient is used to examine the relationship between two continuous variables (ratio variable vs interval variable) such as height, age, weight, income or test score and shows the degree of common changes between both variables. The Pearson's Correlation Coefficient value ranges between +1 and -1.

Researchers examine the interrelationships between different variables by using different models. Based on research hypotheses, the interrelationships of variables are presented in pre-designed models. Only one question remains to be answered: whether the pre-designed model structure is supported by the actual data or not. The SEM

![Figure 1. The Proposed conceptual model](image)

**Research Methodology**

[Sokaran (2008)] defines a research study as a structured investigation, based on data, critical and scientific, in a specific field. Research indices may be directly measurable. In this way, questionnaires are prepared based on the evaluation of indices and the results of the field work relating to filling out the questionnaires show the related scores of every model in each aspect [13](Qasemi, 2011).

In terms of data collection, there two kinds of descriptive (non-experimental) and experimental research studies. The present study is of a descriptive type. Descriptive research aims to describe circumstances or phenomena in a correlation way. Correlation studies try to identify the relationships existing between different variables by using the correlation coefficient. They aim to study the range of changes [14].
method along with the available software help researchers to seek their answers.

**Data Analysis**

Data analysis consists of three main operations: firstly, preparation and description of the necessary data for hypothesis testing; secondly, analysis of the interrelationships of variables; and finally, comparison of the expected results with the actual ones. In order to analyze the collected data, the analytical statistics is conducted in both descriptive and inferential ways. First, descriptive statistics helps determine the demographical features of respondents, and then the causal relationships between the given variables in the research conceptual model are determined by the inferential statistics.

According to the Pearson's correlation coefficient values presented in Table 2, since the sig values are less than 0.05, then the Pearson's correlation coefficient values for all the hypotheses are significant, and hence there are significant relationships between all the hypotheses.

Table 2. Results of the Pearson's correlation coefficient for all the hypotheses

<table>
<thead>
<tr>
<th>Pearson's Correlation Test</th>
<th>Hypothesis 1</th>
<th>Hypothesis 2</th>
<th>Hypothesis 3</th>
<th>Hypothesis 4</th>
<th>Hypothesis 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>0.412</td>
<td>0.382</td>
<td>0.433</td>
<td>0.316</td>
<td>0.322</td>
</tr>
</tbody>
</table>

The indices presented in Table 2 indicate a good fit of the model. In other words, the conceptual research model is approved.

Table 3. Results of fit indices

<table>
<thead>
<tr>
<th>Index Name</th>
<th>Model Value</th>
<th>Acceptable Goodness of Fit</th>
</tr>
</thead>
<tbody>
<tr>
<td>P-Value</td>
<td>0.06346</td>
<td>Greater than 0.05</td>
</tr>
<tr>
<td>GFI</td>
<td>0.93</td>
<td>Greater than 0.9</td>
</tr>
<tr>
<td>AGFI</td>
<td>0.98</td>
<td>Greater than 0.9</td>
</tr>
<tr>
<td>NFI</td>
<td>0.97</td>
<td>Greater than 0.9</td>
</tr>
<tr>
<td>CFI</td>
<td>0.95</td>
<td>Greater than 0.9</td>
</tr>
<tr>
<td>IFI</td>
<td>0.93</td>
<td>Greater than 0.9</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.073</td>
<td>Less than 0.01</td>
</tr>
<tr>
<td>Chi-Square/df</td>
<td>2.86</td>
<td>Between 1 and 3</td>
</tr>
</tbody>
</table>

The results of structural equation and Pearson correlation coefficients are shown in Table 4. All the assumptions are as follows:

Table 4. Results of hypothesis testing

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Dependent Variable</th>
<th>Hypothesis Number</th>
<th>Path Coefficient</th>
<th>T-Value</th>
<th>Acceptance State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in Social Capital</td>
<td>Organizational Commitment</td>
<td>1</td>
<td>0.044</td>
<td>5.51</td>
<td>Accepted</td>
</tr>
<tr>
<td>Commitment Towards Service Quality</td>
<td>Organizational Citizenship Behavior</td>
<td>2</td>
<td>0.034</td>
<td>3.98</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

By comparison of the results of the SEM method and the Pearson's Correlation Coefficient values, it was found out that both statistical methods yielded equal results, that is, the research hypotheses were approved and significant by both methods, and the research conceptual model was statistically approved.

**Research Limitations**

Because of the geographical diversity and time limitations, it was difficult to collect information from the Bank employees. Moreover, some documentation involved manual work which limited quick data access and analysis.

**Conclusions and Suggestions**

Hypothesis 1: There is a significant relationship between investments in social capital and employee commitment.

Suggestion 1: In order to increase their employees' organizational commitment, managers should consider the extent that employees have understood the role of their organization. In the absence of such understanding, employees fail to keep in line with the organizational goals.

Hypothesis 2: There is a significant relationship between investments in social capital and employee commitment towards service quality.

Suggestion 2: Managers can help their employees improve the quality of their services by proper planning and training.

Hypothesis 3: There is a significant relationship between investments in social capital and employee job performance.

Suggestion 3: In order to improve the sense of responsibility of employees and their job performance, appropriate incentive systems should be at work.

Hypothesis 4: There is a significant relationship between investments in social capital and employee citizenship behavior.

Suggestion 4: Organizations can use appropriate and constructive educational programs in order to create desirable employee citizenship behavior in line with the general goals of the organization.
REFERENCE


