

The Effect of Social Capital on Organizational Performance: The Mediating Role of Employee's Job Satisfaction

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Abstract

The objective of recent study is to determine the effect of social capital and employee's job satisfaction on organizational performance in agriculture jihad organization of Kerman province. This study is a descriptive- correlation research that has been conducted through the survey method. Also this research is according to purpose the applied method. The statistical population of this research has been included of all employees in agriculture jihad organization of Kerman province and numbers of 181 persons have been selected as volume of sample according to Morgan's table. The data gathering tool was questionnaires of social capital, job satisfaction and organizational performance. To analyze the data have been used descriptive and inferential statistics (structural equation modeling through path analysis) and the data has been analyzed with SPSS and LISREL softwares. The findings of research indicated that social capital beyond its direct impact, exerts indirect impact on organizational performance through the mediation of employee's job satisfaction and the extent of indirect impact is significantly higher than direct impact.

Key Words: Social Capital, Job Satisfaction, Organizational Performance, Iran.

Introduction

In recent competitive world, organizations work in an environment which constantly needs to improve performance and they should endeavor to reach elevation in their performance, otherwise, they are doomed to destruction. Study on influential factors upon organizational performance is one of the methods of improvement in organizational performance quality. Since many scientists and specialists in the field of management think that human capitals are main root and base for improvement of performance and productivity of organizations and human power should be considered main base to increase performance and productivity of an organization (Mojtehdzadeh et al., 2010). Therefore attention to employee's job satisfaction and social capitals in organization are such factors which can influence on performance of organizations.

The concept of social capital has become increasingly popular in a wide range of social science disciplines (Adler & Kwon, 2002). Therefore in the discussions about social capital it is often argued that there is no overall agreement on the definition of the concept. Though relatively few studies have examined social capital as an organizational phenomenon, the number of researchers examining the concept of social capital in organizational settings is increasing rapidly (Sahin, 2010).

Social capital is the process by which social actors create and mobilize their network connections within and between organizations to gain access to other social actors' resources (Knok, 1999). Organizational social capital is generally understood as the ability of the individuals in the organization to work for the common good, and networking and trust are most often used to characterize organizational social capital (Hasle et al., 2007). Organizational social capital is as a resource reflecting the character of social relations within the firm. Organizational social capital is as existing properties owned by organizations that can be utilized or activated through social relations among the members (Sahin, 2010). Social capital in the workplace is reflected in three aspects (Nahapiet & Ghoshal, 1998):

- 1- Structural aspect of social capital: Includes the recipient of the communication patterns between members of an organization.
- 2- Cognitive aspects of social capital: Includes the amount of employee's share within a social network, in a vision, or a common understanding between them like dimension of communication that deals the nature of communication between individuals in an organization.
- 3- Communication aspects of social capital: Includes the nature of relationships in an organization. In other words, while the structural aspect is focused on whether the employees in an organization are linked together or not, the communication aspect is focused on the nature and quality of these relationships.

Job satisfaction is the amount of observed communication between what a person demands from his/her job with what has given to him/her by the job and the organization (Lund, 2003). Job satisfaction is a positive or negative rank that is felt by the person about various aspects of his/her job (Kruja & Oelfke, 2009). Job satisfaction is a kind of reaction to a particular job or an issue is related to a job (Gunlu et al., 2010). Job satisfaction is reflected in five aspects (Smith et al., 1976):

- 1- Payment: Includes the amount of receiving salary, and equality in payment.
- 2- Job: Includes the extent that job duties prepare opportunity for education, and accept of responsibility.
- 3- Promotion chances: Includes the opportunity accessibility to progress.
- 4- Supervisor: Includes the his/her ability to show interest and attention to the employee.
- 5- Colleagues: Includes the extent that they are friendly, and supportive.

Organizational performance is one of the basic notions in management and most of management's tasks formed according to this notion. Indeed organizations' success can be reflected in their performance. Oxford English Dictionary defines performance as perform, apply and do each regular and committed work. This definition is related to inputs and outputs and also shows that performance has close relationship with work and its outcomes (Chamanifard et al., 2014). Organizational performance refers to the extent to which an organization performs well in pursuing its mission or produces outputs towards its mission (Kim, 2005). Dimensions of organizational performance are (Tangen, 2004):

- 1- Effectiveness: Includes doing the right things, at the right time, with the right quality. In practice, effectiveness is expressed as a ratio of actual output to expected output.
- 2- Efficiency: Is defined as a ratio of resources expected to be consumed to resources actually consumed.
- 3- Productivity: Is defined as the traditional ratio of output to input.
- 4- Quality: Is an extremely wide concept. To make the term more tangible, quality is measured at several checkpoints.
- 5- Innovation: Is a managerial system which emphasis on organization's mission, looking for specific opportunities, determines success scales and looking for new opportunities.

Ostroff (1992) in a study entitled "the relationship between satisfaction, attitudes, and performance: an organizational level analysis" concluded that there are relationships between employee satisfaction, attitudes and organizational performance.

Requena (2003) in a study entitled "social capital, satisfaction and quality of life in the workplace" concluded that social capital has a significant effect on job satisfaction.

Leana & Pil (2006) in a study entitled "social capital and organizational performance: evidence from urban public schools" concluded that social capital plays an important role in predicting organizational performance in urban public schools.

Wambugu et al. (2009) in a study entitled "effect of social capital on performance of smallholder producer organizations: the case of groundnut growers in Western Kenyas" concluded that social capital positively affects performance of producer organizations.

Ofori & Sackey (2010) in a study entitled "assessing social capital for organizational performance: initial exploratory insights from Ghana" concluded that social capital has a significant positive relationship with organizational performance.

Gholami et al. (2011) in a study entitled "the more satisfaction, the best productivity: examining the relationship between social capital and job satisfaction among staff at an Iranian company" concluded that social capital has positive effect on job satisfaction.

Naseem et al. (2011) in a study entitled "impact of employee satisfaction on success of organization: relation between customer experience and employee satisfaction" concluded that impact of employee satisfaction on the success of organization is undeniable.

Bakiev & Kapucu (2012) in a study entitled "the role of organizational social capital in increasing organizational performance in public organizations: evidence from Kyrgyz national police" concluded that social capital is an important factor in improving organizational performance.

Kuzey (2012) in a study entitled "impact of health care employees' job satisfaction on organizational performance support vector machine approach" concluded that job satisfaction factors have impact on organizational performance.

Khodaei et al. (2013) in a study entitled "a study on the effect of social capital on job satisfaction and citizenship behavior" concluded that social capital positively influences on job satisfaction. Latif et al. (2013) in a study entitled "impact of employee's job satisfaction on organizational performance" concluded that employee's job satisfaction has positive and significant impact on organizational performance.

Mafini & Poee (2013) in a study entitled "the relationship between employee satisfaction and organizational performance: evidence from a South African government department" concluded that there are positive correlations between all employee satisfaction factors and organizational performance.

Savari et al. (2013) in a study entitled "the impact of social capital on agricultural employees' job satisfaction, city of Divandarreh" concluded that there are significant positive relationships between social capital factors (relational, structural and cognitive) and job satisfaction.

Akuzum & Tan (2014) in a study entitled "social capital and job satisfaction as the predictor of the organizational commitment" concluded that social capital levels of school administrators significantly and positively affect job satisfaction.

Mentioned points lead to this fact that if concept of social capital in organizational setting is comprehended properly, in addition to its direct impact on organizational performance, it can exert indirect impact on organizational performance through employee's job satisfaction.

Regard to what was discussed, the main objective of this study is:

Determining the mediating role of employee's job satisfaction on the relationship between social capital and organizational performance in agriculture jihad organization of Kerman province.

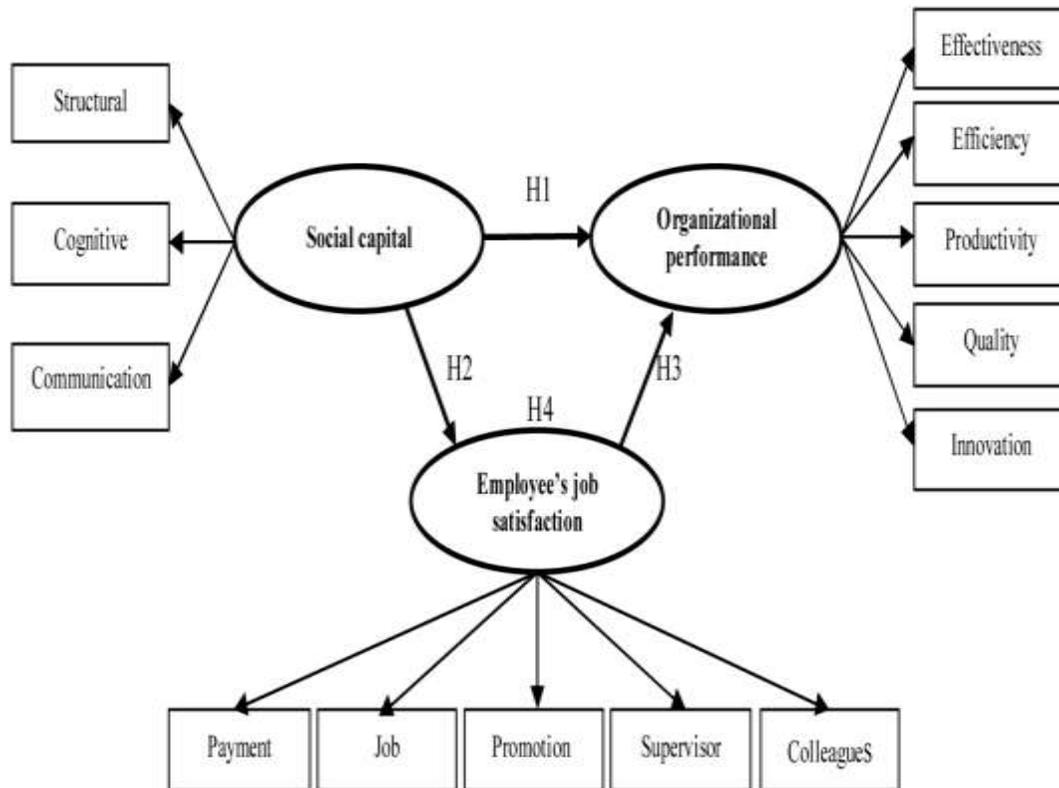


Figure 1. Conceptual Model of Research

Hypotheses

H₁: Social capital has impact on organizational performance in agriculture jihad organization of Kerman province.

H₂: Social capital has impact on employee's job satisfaction in agriculture jihad organization of Kerman province.

H₃: Employee's job satisfaction has impact on organizational performance in agriculture jihad organization of Kerman province.

H₄: Employee's job satisfaction mediates relationship between social capital and organizational performance in agriculture jihad organization of Kerman province.

Materials and Methods

Recent research is descriptive and correlative that has been conducted in a survey way. Also this research is according to purpose the applied method. The statistical population of this research has been included of all employees in agriculture jihad organization of Kerman province. Kerman province is located in the South of Iran. The number of employees during the research were 340 and by using table Morgan, 181 persons were selected as volume of sample (Because it was likely some questionnaires were not going to be returned or answered completely, 200 questionnaires were distributed among the statistical population). Of these numbers more than 80% are male, more than 90% are married, more than 50% of them have BA, more than 60% of them have 10-20 years work experience, and more than 80% of them have over 30 years old.

To collect data have been used three researcher- made questionnaires that have been adjusted based on the range 5 scales of Likert. The first questionnaire is to evaluate social capital which includes 15 questions. The second questionnaire is to evaluate employee's job satisfaction which includes 25 questions. The third questionnaire is to evaluate organizational performance which includes 23 questions. Table 1 shows questions related to different aspects of three variables, the social capital, job satisfaction and organizational performance:

Table 1. Dimensions of social capital, job satisfaction and organizational performance and how to evaluate

Row	Dimensions of social capital	Question's number	Dimensions of job satisfaction	Question's number	Dimensions of organizational performance	Question's number
1	Structural	1-2-3-4-5	Payment	1-2-3-4	Effectiveness	1-2-3-4
2	Cognitive	6-7-8	Job	5-6-7-8-9	Efficiency	5-6-7
3	Communication	9-10-11-12-13-14-15	Promotion chances	10-11-12-13-14	Productivity	8-9-10-11-12
4			Supervisor	15-16-17-18-19	Quality	13-14-15-16-17-18-19
5			Colleagues	20-21-22-23-24-25	Innovation	20-21-22-23

Validity: To determine the content validity of the social capital and job satisfaction questionnaires have been used of experts' opinion, validity of social capital and job satisfaction questionnaires have been calculated respectively 0.92 and 0.94. The organizational performance questionnaire has ever been used in the other studies including Chamanifard et al. (2014).

Reliability: Reliability of these questionnaires have been calculated with using of Cronbach's alpha respectively 0.79, 0.83 and 0.78, considering that the Cronbach's alpha coefficient obtained for each of the questionnaires is more than 0.75, hence the questionnaires are validated.

In this research to analyze data have been used descriptive and inferential statistics (structural equation modeling through path analysis). Data has been analyzed with SPSS and LISREL softwares after inputting to the computer.

Results

Linking theoretical and experimental knowledge for better comprehension of real world is a specification of approach of structural equation modeling. Such analysis provides possibility of modeling based on latent variables and manifest variables simultaneously. This trait is very appropriate to analyze theoretical models

in a way that most of the time; mentioned concepts in theoretical models have summarized unobservable phenomena. Using LISREL software, approach of structural equation modeling has been used in recent research in order to examine hypotheses and suggested model that the results have been showed in figure 2:

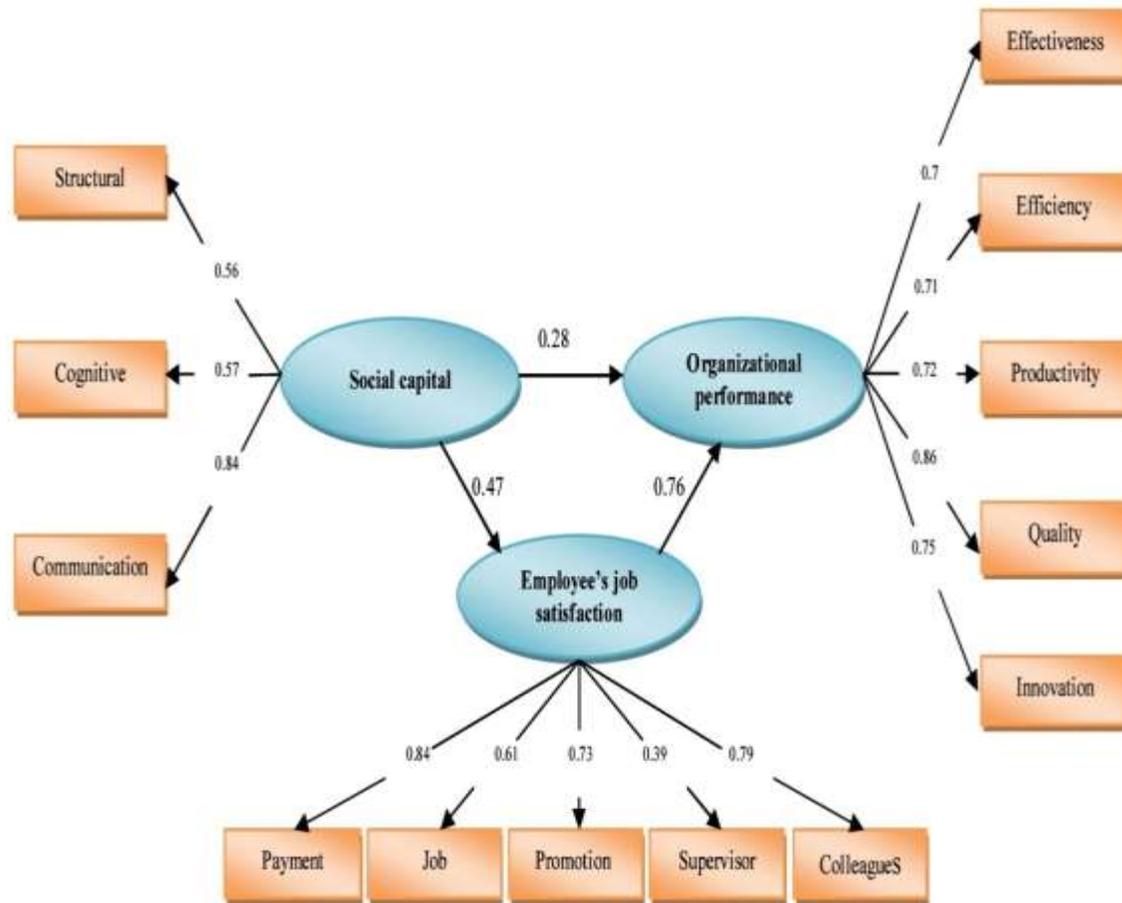


Figure 2. Model of LISREL

Examining the goodness of fit indexes in table 2, explains that the suggested model has appropriate fit.

Table 2. Fit indexes of main model of research

Index	Value	Acceptable range
Root Mean Square Error of Approximation (RMSEA)	0.066	Less than 0.09
χ^2/df	1.95	Less than 3
Comparative Fit Index (CFI)	0.97	More than 0.9
Goodness of Fit Index (GFI)	0.93	More than 0.9
Non- Normed Fit Index (NNFI)	0.96	More than 0.9

Results of table 3, show that social capital has a positive and significant impact on employee's job satisfaction and organizational performance, also employee's job satisfaction has a positive and significant impact on organizational performance. Therefore, these results verify the first, second and third hypotheses

of the research. Also results of path analysis show that social capital beyond its direct impact, exerts indirect impact on organizational performance through employee's job satisfaction, that indirect impact is more and about 0.36, while direct impact is about 0.28. Thus, it can be resulted that employee's job satisfaction has a mediator impact on the relationship between social capital and organizational performance, thus the fourth hypothesis is verified too.

Table 3. Testing of research hypotheses

Hypotheses	Paths	Standardized coefficients	t-value	Result
H ₁	Social capital → Organizational performance	0.28	3.14	Confirmed
H ₂	Social capital → Job satisfaction	0.47	5.9	Confirmed
H ₃	Job satisfaction → Organizational performance	0.76	6.19	Confirmed

Conclusion

The findings of recent research indicated that social capital beyond its direct impact, exerts indirect impact on organizational performance through employee's job satisfaction, that the extent of indirect impact is significantly higher than direct impact. The findings have been compared and analyzed with the results of the different researches which are as follows:

The finding of the research indicated that social capital has positive and significant impact on organizational performance in agriculture jihad organization of Kerman province. This finding is consistent with the results of researches of Leana & Pil (2006), Wambugu et al. (2009), Ofori & Sackey (2010), Bakiev & Kapucu (2012).

Leana & Pil in their study concluded that social capital plays an important role in predicting organizational performance. Wambugu et al. in their study concluded that social capital positively affects performance of organizations.

Ofori & Sackey in their study concluded that social capital has a significant positive relationship with organizational performance. Bakiev & Kapucu in their study concluded that social capital is an important factor in improving organizational performance.

Another finding of the research indicated that social capital has positive and significant impact on employee's job satisfaction in agriculture jihad organization of Kerman province. This finding is consistent with the results of researches of Requena (2003), Gholami et al. (2011), Khodaei et al. (2013), Savari et al. (2013), Akuzum & Tan (2014).

Requena in his study concluded that social capital has a significant effect on job satisfaction.

Gholami et al. in their study concluded that social capital has positive effect on job satisfaction.

Khodaei et al. in their study concluded that social capital positively influences on job satisfaction.

Savari et al. in their study concluded that there are significant positive relationships between social capital factors and job satisfaction.

Akuzum & Tan in their study concluded that social capital levels of school administrators significantly and positively affect job satisfaction.

Another finding of the research indicated that employee's job satisfaction has positive and significant impact on organizational performance in agriculture jihad organization of Kerman province. This finding is consistent with the results of researches of Ostroff (1992), Naseem et al. (2011), Kuzey (2012), Latif et al. (2013), Mafini & Poe (2013).

Ostroff in his study concluded that there are relationships between employee satisfaction, attitudes and organizational performance.

Naseem et al. in their study concluded that impact of employee satisfaction on the success of organization is undeniable.

Kuzey in his study concluded that job satisfaction factors have impact on organizational performance.

Latif et al. in their study concluded that employee's job satisfaction has positive and significant impact on organizational performance.

Mafini & Poe in their study concluded that there are positive correlations between employee satisfaction factors and organizational performance.

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