Social Capital and its Impact on Job Satisfaction

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Abstract: This paper aims at finding the relationships between social capital and job satisfaction in private service organizations (hospitals). An experimental method is performed to study the relationship between social capital variables and job satisfaction in three private hospitals to analyze their direct/indirect relationships with job satisfaction. The present paper indicates that there is a direct, positive, and significant relationship between trust and job satisfaction. Trust will lead to more satisfaction. There is also an indirect, positive, and significant relationship between formal networks and job satisfaction but through trust variable. There is no direct/indirect relationship between action norms and job satisfaction. It has also been found that there is a direct, significant, but negative relationship between educational level and job satisfaction. This analysis had been performed in private organizations and further analysis shall be done in non-private organizations. Social capital is so tied to trust that in almost all organizations efforts have to be taken to promote trust among members and between members and organization. There is neither direct nor indirect relationship between action norms and job satisfaction, so social capital can either be supportive or not supportive.

Keywords: Social capital; Job satisfaction

1. Introduction

Scholars such as Coleman (1990) and Putnam (1993) in an attempt to explain non-economic factors in explaining success of certain economic processes drew on the concept of social capital. That is why at present, besides human, financial, and economical capitals, a new reality as social capital is being extensively utilized in the literature of social and organization realms. Fukuyama (1999) believes that a number of definitions had been given with respect to social capital but they refer to its manifestation rather than to social capital itself. He says “social capital is an instantiated informal norm that promotes co-operation between two or more individuals” (Fukuyama, 1999). Putnam (1995) also defines social capital as “The characteristics of the social organization such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefit”. On the other hand, job satisfaction in organization, has long been an important issue and of grave concern and has attracted the attention of many researchers. Many researches have targeted the assessment of job satisfaction in different group settings and the factors related to job satisfaction and their impacts on organizational productivity, job turnovers, absenteeism, and employee efficiencies (Brass, 1982, Helbert, 1991, Bulder et al. 1995, Hodson, 1997). Yet, less attention has been paid to social capital and its relation to job satisfaction. Taking into account the above issues, we intend to study the relationships between social capital and job satisfaction. The evidence is drawn from some private hospitals in Tehran, Iran.

Literature review

Social capital is less physically tangible in comparison with other resources such as physical, human and cultural. Physical capital is created through changes on materials to form tools which facilitate production. Human capital is generated by changing individuals through new skills and capabilities in them in a way that they are empowered to behave in a new way (Coleman, 1999). Cultural capital is a set of symbols, habits, characters, linguistic methods, training documents, zeal and tact, and life methods which are current among individuals. This capital is less tangible and objective in comparison to economical capital. Social capital is defined as the vast and complete panorama of social and communicative network qualities which one utilizes to promote his/her personal attitudes (Jaeger and Holm, 2007). Fukuyama defines social capital as an instantiated informal norm that promoted co-operation between two or more individuals (1999). He believes that all aspects of social capital such as trust, networks, civil society, and the like are all secondary, or as he himself call, epiphenomenal to social capital which arise as a result of social capital not constituting social capital itself (Fukuyama, 1999). According to Coleman (1990) and Putnam (1993) social capital is defined with regard to such peculiarities of social structure such as inter-individual trust, mutual norms, and bi-directional
contributions that can lead to the persistence of resources which facilitate group or individual interplay to gain group activities. Trust, mutual action norms, and lateral (horizontal) networks which are self-reinforcing and self-generating are considered as social capital resources by Putnam (1993). He believes that regenerating peculiarities of social capital will lead to social interactions of highest cooperation, trust, mutual transaction, civil partnership, and social welfare. Putnam believes that the existence of these peculiarities in every society is an indication of its civic. He considers this trait as promoting good performance of democratic institutions.

1. Social Capital Resources. Coleman (1990) has classified the main resources of social capital as per following: (1) Governmental factors: An institution is said to be a law, a tradition, a custom, or an organization which is effective in human’s political or social lives and rules out an oriented system towards the needs of an organized society. Government is a tangible example of institution; institutional factors are either rational or irrational. Some laws are enacted rationally as an institutional factor to reinforce humans for participation. (2) Automatically factors: All norms which are formulated automatically through mutual actions of social members, rather than laws and other formal institutions, and are not due to purposeful options are called automatic factors. These factors are in turn classified as automatically rational and automatically irrational. Automatically norms are considered rational when individuals’ interactions in society are on the basis of intellectuals and thoughts, even if not purposeful. Automatically factors are considered irrational if mutual actions are random and not logical, such as honey bees’ cooperation in building hives which happens without intellectuality and thoughtfulness and is absolutely instinctive. (3) External factors: These factors refer to norms originated from the sources rather than the specific society in which it has been utilized. These comprise factors such as religion, ideology, culture, or common historical experiences. (4) Natural factors: Two factors are observable here as “family relations” and “ethnic or racial solidarity”. The importance of relatives in comparison to other social structures differs from one society to another, but in none of the societies it is completely vanished. There are considerable findings in natural science claiming that human socialization is somehow rooted in culture and is also related to fundamental approaches of socialization relatedness to genetic issues.

2. The two sides of social capital. One of the main and major advantages of social capital is providing ample information with a low cost and time involved. It facilitates trust, mutual relationships, strong social norms, and permanent solidarity of cooperation in social behaviors. Therefore, group social capital is achievable and there lays benefits not only for those who have created it but also for some more grater networks (Walter, Lechner, and Kellermanns, 2007). Inter-organizational networks resulted from social factor have several organizational advantages such as acquiring new skills and knowledge by network members. Power gaining and influence (pervasiveness) are other advantages of social capital. Creating solidarity among members is another merit. Strong norms and beliefs create a strong social network which encompasses certain customs, traditions, and regulations which substitute control methods. Fukuyama (2001) concludes that social capital will reduce the transaction costs associated with formal co-ordination mechanisms like contracts, hierarchies, bureaucratic rules, and the likes. He believes that formalities cannot replace social capital. “The fact of the matter is that co-ordination based on informal norms remains an important part of modern economies, and arguably becomes more important as the nature of economic activity becomes more complex and technologically sophisticated”, says Fukuyama (1999). Though social capital inherits myriad potentials but cannot be considered a “throughout remedy” for all situations. We will consider some of the disadvantages. First, there is no guarantee that considerable relationships will be established among humans in all cases. There is a possibility of setting up inappropriate or undesirable relations just for dissimulating or misuse. Second, establishing and maintaining social capital requires considerable financial capitals which in some cases are higher than the merits gained from social capital. Third, the strong links and relations established through social capital are less effective in comparison to weak linkages of groups in which the tasks are performed faster and in a better way. Fourth, the solidarity of social capital may adversely affect, due to the fact that this unification among members will involve individuals in their relationships at the expense of main targets and objectives and in some cases will lead to means-ends displacement. Social capital may also lead to the enhancement of malicious behaviors among members, resistance to new information, oppositions to their assessments, and the increase of organization vulnerability when facing amplified environmental changes. Fukuyama (1999) also makes an objection to Coleman’s comment that social capital is a public good (Coleman, 1988). “This is clearly wrong: since co-operation is necessarily to virtually all individuals as a means of achieving their selfish ends, it stands to reason that they will produce it as a private good” says Fukuyama (1999). Fukuyama (1999) believes that social capital can bring both negative and positive externalities, but still he believes that this notion does not “disqualify it as a form of
capital”. Fukuyama (1999) does accept that “social capital seems less obviously a social good than physical or human capital is because it tends to produce more in the way of negative externalities than either of the other two forms”.

3. Social Capital Variables. Putnam’s social capital theory is utilized to identify social capital variables. He (1995) believes that social capital comprises those peculiarities of social organization that facilitate coordination and cooperation for mutual interests. The peculiarities are: networks, social trust, and norms act. Putnam explains that communications among individuals in social networks are resulted from mutual norms act and the trust which lay in them. In accordance with Eston’s typology (1998), social capital norms are classified into trust norms, mutual act norms, and non-reciprocal action norms.

Trust Norm. Two general views regarding trust have been proposed. On one hand, trust is an individual trait based on emotions, feelings, and individual values which have a close relation with the notions of cooperation, honesty, and sincerity, and on the other it is one characteristic of social systems or social relations based on social context. In this research a mixed concept of trust is taken into account and three forms of trust are considered as below: (1) Interpersonal trust. It is shaped as a result of face-to-face relationships and is applied in all networks where an individual participates. In this research Johnson’s measuring method is used for the measurement of interpersonal trust and the extent of measures such as honesty, explicitness, certainty, and individuals’ intention for cooperation had been taken into account, (2) Public trust. It can also be called organizational trust which relates to the extent of citizens’ trust to an organization especially public organizations (Mohseni and Lindstorm, 2007), and (3) Governmental trust. It means the extent of trust to formal and governmental institutions. In this paper, this trust is measured in connection with Tehran hospitals.

Norms Act. Norms act are of two categories: reciprocal and non-reciprocal. The former refers to acts which are considered as exchange process in social relations through which goods and services are exchanged from one place to another, and the latter refers to behaviors such as voluntary acts.

4. Job Satisfaction. There are many definitions for job satisfaction. Some of them are concentrated on job itself while others concentrate on both jobs and their dependant factors. Stephen Robins (1943) refers to job satisfaction as individual’s overall attitude towards his job. If job satisfaction is high then the attitude will be more positive and vice versa (A’rabi and Parsaeyan, 2004).

5. The Relationship between Social Capital and Job Satisfaction. Brass (1982), Harlebert (1991), Bulder, et al. (1995), and Hodson’s (1997) studies on this issue differ considerably with each other. For instance, Hurlebert (1991) considers individual networks which do encompass working relations inside the network and concludes that network members have access to more resources such as training. Hodson (1997) found a positive impact of employees’ solidarity on job satisfaction. Brass did not succeed in finding an association between the core of a working network and job satisfaction. Bulder, et al. (1995) did not find any relationship between job satisfaction and the number of existing relationships in the network or the number of individuals in that network. On the contrary, they found that network diversity would have negative impacts (Flap and Volker, 2005). Douthit (1999) calls human and social capitals as individual investments which yield positive output in individual’s job in the form of objective and tangible capitals. He assumes that potential resources of human and social capitals manifest themselves in more tangible ways such as job satisfaction. Social capital facilitates and fosters recognition of opportunities and their increase for the purpose of more income on the side of the individuals. Social capital theory predicts that the efficiency of intelligence, training, and superiority in different sections are related to the individual’s status in his/her organizational social structure. As Douthit (1999) says, the social capital makes it possible to adapt individuals to their social scenes in a way that all their potentials can be utilized (Douthit, 1999). Social capital has three distinct impacts on job satisfaction. First, network structure and job satisfaction through job dependence and job-related strategic networks produce solidarities which promote satisfied employees through different job aspects such as income, safety, and job opportunities. Second, closed networks improve employee satisfaction in social aspects of job such as overall social condition of job, cooperation with management, and cooperation with colleagues. Third, a network with integral arc structure (where a pivotal person adjoins mutually two or more exclusive members together) has intensive negative impacts on job satisfaction, in spite of the fact it encourages trust in satisfaction networks of social aspects of job.

6. Social Links and Job Satisfaction. Joukisari and Nummi (2005) found that there is a relationship between social capital and those who are seeking for good social status by finding a long-term job which is also well-suited to their educations. The reason lies in the fact that social links would determine resources such as information and social impacts which formulate an individual network as more advantageous to personal profession than networks of lower social levels.

7. The Impact of Social Skills on Satisfaction. Social skills are capable in empowering individuals in
their interactions with others and play a pivotal role in most models and also professional interplays. Experienced outcomes of individuals in different contexts such as job interviews, performance analysis, and even legal practices show that social skills have positive impacts on them. An increase of social capital would increase employees’ enthusiasm and commitments, promote effective communication with public, absorbs effectively the required personnel and partners, improve networks and commercial relations, establish trust, and legitimize trade with others. The higher the social skills in entrepreneurs, the more financial success they may have. Furthermore, they may contribute to entrepreneurs in mutual strategic benefits with other companies, more regular requests from customers, and etc. (Markman and Baron, 2003).

2. Methodology
The present research is an applied study in which the data have been gathered through a questionnaire and they have been analyzed by utilizing statistical methods. The society comprises first grade hospitals in Tehran among which three hospitals had been chosen as samples in which the possibility of gathering data through questionnaires have been achieved. Questionnaires have been administrated in hospitals’ three different working shifts (morning, afternoon, and night shifts). Due to the limited number of personnel in these hospitals, thereby all have been invited to complete the questionnaires. Related literature had been accumulated through a library research and for the compilation of questionnaire a throughout research in internet have been performed in which standards questionnaires have been considered and the viewpoints of professionals were taken into consideration, as well. The questionnaires covered questions which were capable in measuring job satisfaction and social capitals in individuals and can also assess the impact of social capital in job satisfaction. Twenty questionnaires in three hospitals have been preliminary administrated and then through Cronbach Alpha analysis the most valid questionnaire had been chosen. The reliability of the chosen questionnaire equaled 0.875 which guarantees the appropriateness of all questions. Statistical Package for the Social Science (SPSS) and LISREL software have been utilized for test of hypotheses and data analysis. The degree of social capital and job satisfaction and their relationships have been measured through the use of Rout Analysis model and Pearson Correlation Coefficient.

3. Results and discussion
1. Rout analysis of relationship between social capital and job satisfaction. In this section the relationship between social capital variables and job satisfaction variables is defined and assessed both directly and indirectly through LISREL software. Before the implementation of rout analysis we have analyzed and considered the test of Normality, Linearity, and Equality of variances and also pert values. At the beginning we have to identify and nominate all the variables in rout analysis. The dependant variable is job satisfaction and the independent variables are: gender, marital statues, educational level, and place of education, experience, employment status, trust, formal networks, and action norms. First, direct relationship between all independent variables and dependant variable are considered in order to identify the independent variables which have a direct relationship with dependant variable. In diagram 1 and on the basis of “t” coefficient, the significance of relationship between independent variable (x) and dependant variable (y) can be examined. Due to the fact that t-value is less than two (measurement criteria), then it can be claimed that there is no meaningful significance between dependant and independent variables.

As it can be seen in diagram 1, there are only two independent variables in which “t” coefficient is greater than two (in LISREL model “t” values greater than two are in black and smaller than two are in red). Trust variable (t=11.21) and educational level variable (t=2.6) have a direct relationship with job satisfaction with a 99 percent level of confidence. Other independent variables with “t” values less than two have no direct relationship with job satisfaction. It has to be noticed that educational level variable is an external variable. Now, the possibility of direct relationship between other independent variables and job satisfaction through trust variable which functions as a mediating variable is examined.

2. The Analysis of Direct Relationships of Independent Variables. One of the advantages of LISREL is its capability to identify both direct and indirect relationships between dependant and independent variables. In order to improve model’s criteria we will
study indirect relationships of independent variables which do not have a direct relationship with dependent variable through the use of those independent variables which have direct relationships with independent variable. LISREL model has the potential to suggest routes of mutual relationships between those variables that if added to model can establish a meaningful significance between other independent variables. Diagram 2 shows the analysis. In this diagram we have studied indirect relationships of other independent variables (gender, marital status, and educational level, place of graduation, experience, employment status, formal networks, and action norms) through the use of trust variable.

As it can be seen in diagram 2, internal dependant variable “trust” and external independent variable “educational level” have direct relationship with dependant variable “job satisfaction”. Other independent variables do not have a direct and significant relationship with job satisfaction. The independent variable “formal networks” through trust variable has an indirect relationship with job satisfaction.

3. Final Rout Analysis. At this stage all routs having values less than two and not being significant as per findings in the second stage of analysis are eliminated thereby the final values of parameters will be obvious and apparent. In diagram 3 standardized values are shown, all possible relationships between dependant and independent variables are also shown. Trust variable has a direct relationship with dependent variable while educational level and formal networks have relationships with job satisfaction through trust variable.

In diagram 3 the value of error variance in job satisfaction variable is 0.25 which means 25 percent of job satisfaction variable variance is not due to existing variables in model. It is quite clear that 75 percent of job satisfaction variable variance is under the effects of existing variables which is a promising value for the description of the variables under consideration. In table 1 final root analysis model distribution is shown. This distribution is quite a desirable one.

4. Structural Equations. The following is the structural equation of final rout analysis model:

\[
\text{Satisfaction} = 0.56 \times \text{trust} - 0.069 \times \text{education}, \text{error variance}= 0.25, R^2=0.6
\]

As it is shown previously, independent variable “trust” has a direct relationship with “job satisfaction” and plays an important role in the indirect relationship of independent variables of educational level and formal networks with job satisfaction; thereby its structural equation is shown here to enable us in considering this indirect relationship.

\[
\text{Trust} = 0.89 \times \text{in formal network}, \text{error variance}= 0.16, R^2=0.6
\]

All criteria show the appropriateness of model and even the LISREL software in an attempt to improve model criteria did not recommend any other routs except those discussed here.

4. Structural Equations. The following is the structural equation of final rout analysis model:

\[
\text{Satisfaction} = 0.56 \times \text{trust} - 0.069 \times \text{education}, \text{error variance}= 0.25, R^2=0.6
\]

(0.05) (0.026) (0.022) 11.21 -2.6 11.25

As it is shown previously, independent variable “trust” has a direct relationship with “job satisfaction” and plays an important role in the indirect relationship of independent variables of educational level and formal networks with job satisfaction; thereby its structural equation is shown here to enable us in considering this indirect relationship.

\[
\text{Trust} = 0.89 \times \text{in formal network}, \text{error variance}= 0.16, R^2=0.6
\]

(0.046) (0.0114) 19.49 11.25

The values of direct relationship among variables are shown in table 2. In this table the direct and positive relationship between trust and job satisfaction is shown.
satisfaction is shown. It can then be claimed that the higher the trust, the higher the job satisfaction in employees.

Table 2: Direct values in final rout analysis model Direct relationships of variables in model

<table>
<thead>
<tr>
<th>Direct relationships of variables in model</th>
<th>Estimation values</th>
<th>Standardized values (β)</th>
<th>Standard error</th>
<th>T value</th>
<th>Level of significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship of trust and job satisfaction</td>
<td>0.56</td>
<td>0.58</td>
<td>0.05</td>
<td>11.21</td>
<td>P&lt; 0.01</td>
</tr>
<tr>
<td>Relationship of educational level and job satisfaction</td>
<td>-0.069</td>
<td>-0.13</td>
<td>0.03</td>
<td>2.6</td>
<td>P&lt; 0.05</td>
</tr>
<tr>
<td>Relationship of formal networks and trust</td>
<td>0.89</td>
<td>0.77</td>
<td>0.05</td>
<td>19.49</td>
<td>P&lt; 0.01</td>
</tr>
</tbody>
</table>

5. Estimation Values. Estimation values are utilized to calculate the dependant variables values. “β” values are standardized values between -1 and +1. They are used to predict the intensity of relationship and their comparison with each other. Correlation between two variables are considered positive if the value ranges from 0 to +1 and considered negative if between -1 to 0.

6. t Values. t values are used to assess the significance of estimation values that is whether the significance of relationships are true or they are accidental or as a result of sampling errors or measuring errors. Acceptable t values shall be over 2. In table 3 the values of variables indirect relationships with job satisfaction are shown. As it has been stated before the formal network variable is the only variable which has significant relationship with job satisfaction through trust variable.

Table 3: Indirect relationships values in final rout analysis model

<table>
<thead>
<tr>
<th>Direct relationships of variables in model</th>
<th>Estimation values</th>
<th>Standardized values (β)</th>
<th>Standard error</th>
<th>T value</th>
<th>Level of significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship of formal networks and job satisfaction</td>
<td>0.5</td>
<td>0.45</td>
<td>0.05</td>
<td>9.72</td>
<td>P&lt; 0.01</td>
</tr>
</tbody>
</table>

In table 4, we consider the total value of the sum of all direct and indirect relationships of external variables with job satisfaction in model. Besides, through the same method we can categorize all categories in job satisfaction in accordance with their priorities using standardized values of “β”. As it can be seen variables “trust”, “formal networks”, and “educational level” have the most impact on job satisfaction in these three hospitals.

Table 4: Direct/indirect relationships values (total impact) of variables on job satisfaction in final rout model

<table>
<thead>
<tr>
<th>Direct/indirect relationships with job satisfaction</th>
<th>Estimation values</th>
<th>Standardized values (β)</th>
<th>Standard error</th>
<th>T value</th>
<th>Level of significance</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>0.56</td>
<td>0.58</td>
<td>0.05</td>
<td>11.21</td>
<td>P&lt; 0.01</td>
<td>1</td>
</tr>
<tr>
<td>Formal networks</td>
<td>0.5</td>
<td>0.45</td>
<td>0.05</td>
<td>9.72</td>
<td>P&lt; 0.05</td>
<td>2</td>
</tr>
<tr>
<td>Educational level</td>
<td>0.069</td>
<td>-0.13</td>
<td>0.03</td>
<td>2.6</td>
<td>P&lt; 0.05</td>
<td>3</td>
</tr>
</tbody>
</table>

4. Summery and discussions

On the basis of research questions, the following hypotheses are formulated. The first research hypothesis: There is a relationship between individuals trust and job satisfaction in three selected hospitals. This is shown statistically as follows: H0: there is no significant relationship between individual's trust and job satisfaction, H1: there is significant relationship between individual's trust and job satisfaction. Taking into consideration the data drawn from rout analysis, with 99 percent confidence we can claim that there is a significant indirect relationship between formal networks and job satisfaction (β =0.58, t=11.21, p < 0.01) through trust variable. It means that formal networks through increasing trust can lead to more job satisfaction. The third research hypothesis: There is a relationship between norms action and job satisfaction in three selected hospitals. This is shown statistically as follows: H0: there is no significant relationship between norms action and job satisfaction, H1: there is significant relationship between norms action and job satisfaction. Taking into consideration the data drawn from rout analysis, there is neither direct nor indirect relationship between individual’s action norms and job satisfaction. In the first stage of rout analysis “t” value was equal to 1.75 which weakly showed that there is no direct relationship between action norms and job satisfaction. In the second stage, the value of t=1.67 weakly shows that there is not even an indirect
relationship between them, so, we can conclude that action norms neither directly nor indirectly affect job satisfaction. Pearson Correlation Coefficient shows a significant direct relationship between social capital and job satisfaction. Correlation Coefficient between social capital and scores of job satisfaction is 0.855. The mean values and the viewpoints of respondents with regard to the extent of job satisfaction and social capital have also been considered utilizing "t" test with a constant value. The range of job satisfaction is from 12 to 60 with the mean value of 36. This figure is 90 with regard to social capital. In table 5 the mean values are compared to the views of respondents. This table shows that with 95 percent confidence we can evaluate the viewpoints in the range of mean values.

Table 5: The comparison of job satisfaction scores and social capital at average

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>T value</th>
<th>Test constant value</th>
<th>Degree of freedom</th>
<th>Test result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job satisfaction</td>
<td>39.125</td>
<td>12.75</td>
<td>0.157</td>
<td>36</td>
<td>225</td>
<td>No significance</td>
</tr>
<tr>
<td>Social capital</td>
<td>97.76</td>
<td>33.23</td>
<td>0.864</td>
<td>90</td>
<td>225</td>
<td>No significance</td>
</tr>
</tbody>
</table>

The present paper indicates that there is a direct, positive, and significant relationship between trust and job satisfaction. Trust will lead to more satisfaction. There is also an indirect, positive, and significant relationship between formal networks and job satisfaction but through trust variable. It means that formal networks can increase job satisfaction level. We have also concluded that there is no direct/indirect relationship between action norms and job satisfaction. In the analysis of the relationship between external variables and job satisfaction, it had been found that there is a direct, significant, but negative relationship between educational level and job satisfaction. Higher levels of educational background would lead to less job satisfaction. There is also a significant relationship between social capital and job satisfaction.

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12/6/2012