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Published in the Russian Federation  
European Researcher  
Has been issued since 2010.  
ISSN 2219-8229  
E-ISSN 2224-0136  
Vol. 77, No. 6-2, pp. 1133-1141, 2014

DOI: 10.13187/issn.2219-8229  
[www.erjournal.ru](http://www.erjournal.ru)



UDC 33

### **Studying the Association between Social Capital and Educations in Qom Tax Organization**

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**Abstract.** Present paper studies relevant literature and the background of researches on social capital as well as the relationship between the aspects of social capital and educations. Education is measured by demographic questions. In these items, educations include associate of arts, bachelor, master and higher level. Likewise, the situation of social capital aspects was also studied. To measure the amount of social capital, a self-structured titled the relationship between social capitals and developing organizational learning capacity is used. The questionnaire was distributed among a 30-subject sample consisting of Qom Tax Organization employees to measure the validity. Chronbach's alpha value (0.93) indicates that the questioner enjoys needed validity. Then, the questionnaire was distributed among 86-subject sample of Qom Tax Organization employees. The findings from information analysis indicate that in selected organization, correlation coefficient is 0.254 between social capital and educations. Therefore, one can conclude there is a positive relationship between social capital and educations. The results for T-test indicate that social capital is desired status in social capital. Likewise, all components of social capital are in desired level.

**Keywords:** social capital; trust; common norms; cooperation and mutual assistance; collective integration and cohesion; sympathy; contribution; collective identity.

#### **Problem description**

In past decades, different economic theories are developed and have influenced over organizational performance. Such transformation leads into the conversion of traditional forms of tangible capitals (building and equipment) into new capitals (intangible assets). Such intangible capitals play a vital role in organizational development and growth. In contemporary literature, capital term has diverse usage. Such diverse consists of human capital, interactional capital, customer capital, intellectual capital and health capital. Recently, social capital is raised by social economists as the capacity which impacts on organizational performance (Brooks & Nafukho,

2006). On the basis of social capital attitude, it is not individual attributes critical for success; rather it is communicative network situation of an individual in the organization. It means that the situation of an individual in social networks determines individual's social capital which leads into different job results (Lin & Huang, 2005). The main issue in present research is that whether there is an association between social capital and educations in Tax Organization and also how is the situation of social capital in this organization?

### **Theoretical basics**

#### **Social capital definition**

Scientists have provided different definitions on social capital. Storberg (2002) indicated that like human capital theory, there are various definitions on social capital in management, sociology and human resource literatures (Brooks & Nafukho, 2006). Blyler and Coff (2003) asserted that in management literature, social capital is seen in the view of utility while in sociology; it is seen in terms of benefits people acquire through relations with other people (Smedlund, 2008). Most scientists have defined social capital through the lens of social network perspective. Social network theory is based on the assumption that communicative networks generate value for their members since they allow them to achieve social resources inside the network. In social network terms, the amount of social capital determines that whether people who communicate with other individuals who have proper resources such information and financial supports can achieve a positive working situation or not (Lin & Huang, 2005). In practice, using social capital means that communicative networks are used to aid other people (Baker, 2007). Lin (2001) expressed that although there are numerous definitions on social capital, most scientists concur that social capital benefits both individuals and their enterprises (Brooks and Nafukho, 2006).

Social capital attempts to relate interpersonal social relationship and generating economic value. In the simplest definition, social capital definition is based on the idea in which social relations are valuable. According to Burt, social capital can be considered as a skill (Smedlund, 2008). Social capital is defined as the communicative network structure among people. In other words, social capital is the model of mutual relations between people (Lin & Huang, 2005). According to Putnam (1995), social capital points out collective values and tendencies originated from social networks (Goyal and Akhilesh, 2007). Social capital can be defined as a resource used in social networks (such as organization (Brooks & Nafukho, 2006). Social capital is collective merchandise and has no meaning alone; rather, it finds meaning in interactions between people (Smedlund, 2008). Social capital is an asset, resource and capacity emulated from trust, mutual relations, good will and knowledge among social networks (Galbraith, Rodriguez & Stiles, 2007). Cohen and Pursak (2001) define social capital with such components as trust, mutual understanding, behaviors and common values (Brooks & Nafukho, 2006). In organizational studies, social capital can be conceived in unofficial structure (social structure beyond official hierarchy) (Smedlund, 2008). Goleman (1990) asserted that in social capital, social relations can be used to generate value. In contrary to organizational human capital and traditional assets, social capital is unique in terms of significant social relations for which people invest (Brooks & Nafukho, 2006).

#### **The importance of social capital**

Traditionally, three natural, physical and human capitals lead into economic development (Zhang & Fung, 2006). Physical capital refers to tangible and physical assets. Human capital points out employees' knowledge and skills (Mazlumi and Fathollah, 2007). It is certain today that these capitals yield to economic growth to some extent and the missed link is social capital. Studies in recent years show the importance of social capital in economic development. Acquiring social capital needs careful investment on cultural and economic resources (Zhang & Fung, 2006).

Social capital influences over economic performance of nations, regions, societies and companies (Smedlund, 2008) and creates the sense of cooperation, synergy and contribution among society's members (Nazaemzadeh, 2008). In national level social capital is an affecting factor on economic growth and development. Putnam (1993) explained that social capital impacts on governments' performance. To support his claim, Putnam mentioned the economic success by

Italian north region compared to southern region. In the level of companies and inside them, social capital has yielded to innovation and resource exchange. Studies indicate that social capital could yield to decrease in exchange costs, increase in cooperation, facilitate entrepreneurship and foster relations between suppliers and organizational learning (Zhang & Fung, 2006). For companies, social capital is both a resource and a value driving force. For instance, employees can communicate employees in other organizations and such communications can be seen as an asset (Smedlund, 2008). In individual level, social capital yields into job success and creating human capital (Zhang & Fung, 2006).

### **Social capital and life quality**

Not only social capital is too interesting and important for business problems, but also there are more interesting and important reasons for learning how to use and develop social capital. Studies on medical psychology indicate that there is a direct link between social capital and quality, aim and concept of life (Baker, 2007).

Social capital relates to below variables:

1. Propensity: developing social networks would finally lead into propensity, growth, splendor, satisfaction and targeted life. Barton Hirish asserts: "social network is a concept more than finding strategies for problem solution" (Baker, 2007).

2. Wellness: people with good social networks enjoy better physical and spiritual wellness. The impacts of networks in enhancing the wellness are proved by numerous studies. These impacts can be categorized from decrease in the risk of suffering from serious illnesses to a simple cold (Baker, 2007).

3. Longer life: those people who enjoy proper social networks live longer. The link between networks and longer life is influenced by behavioral and technological changes. For instance, is broadly observed that attendance in religious ceremonies mitigates death which is to some extent due individuals' behavioral changes (Baker, 2007).

### **Background**

In his studies, Burt (1997) found that managers with higher social capital are promoted rapider than managers with lower social capital. Seibert et al, (2001) found that social capital associates directly with job satisfaction and promotion. Studies indicate that social capital has a positive link with job results (Lin & Huang, 2005). Researches show social capital in people, groups, organizations and national levels would yield to increase in learning and sharing information and knowledge. In the meantime, studies suggest that social capital mitigates time and costs of information exchange, reworking and supervision and it would encourage cooperative behavior and building a creative organization (Goyal and Akhilesh, 2007). Studies indicate that social capital not only facilitate problem solution but also is considered as a valuable resource for collaboration with colleagues. In most cases, social capital leads into job promotion (Lin & Huang, 2005). The concept of social capital is necessary to conceive organizational dynamics, innovation and value generation. Those organizations whose members possess higher social capital are in proper situation to benefit opportunities. Researches indicate that social capital impacts on innovation, creativity, knowledge generation, mental capitals, knowledge sharing, team learning, success of a new product and creating competency (Goyal and Akhilesh, 2007). Studies indicate that social capital is the result of affective and cognitive function of social units. Affective and cognitive factors relate social capital and innovation processes (Goyal and Akhilesh, 2007). In a study titles "investigating the role of social capital in the relationship between human capital variables and job dynamism" in 2005, the results indicated that social capital play as mediating role in the relationship between human capital and human capabilities. Relevant data was gathered from 111 employees in three financial institutes in Taiwan (Lin & Huang, 2005). The results of a study on the relationship between social capital and performance in 3600 companies at 31 Chinese states in 2003 indicated that membership in different companies has no significant impact on the performance of Chinese private institutes. In the meantime, short term investment on social capital has a significant impact on companies' performance and it is seen as a determinant in their performance (Zhang & Fung, 2006). Reputation shows contribution and cooperation by an individual with other colleagues. Therefore, intra social network reputation reflects the extent of social capital. In their studies, Baldwin et al, (1997) indicated that a person with a critical role in

social network is often able to gather information and practical solution for job problems (Lin & Huang, 2005).

**Research aims**

- Studying the relationship between social capital and educations of employees in Qom Tax Organization
- Studying the status of social capital aspects in selected organization
- Ranking social capital components in selected organization

**Research general hypothesis**

There is a relationship between social capital and educations.

**Research special hypotheses**

1. There is a relationship between trust and educations.
2. There is a relationship between common norms and educations.
3. There is a relationship between mutual cooperation and educations.
4. There is a relationship between collective integration and cohesion and educations.
5. There is a relationship between empathy and mutual respect/understanding and educations.
6. There is a relationship between contribution and educations.
7. There is a relationship between collective identity and educations.

**Methodology, sampling method and sample volume**

This is an applied research in terms of purpose while it is a descriptive (correlation) study in terms of method. Its population consists of employees (260) in Qom Tax Organization. By using a statistical equation, selected sample is 86 in 8% of error level.

$$n = \frac{N Z^2 S^2}{(N - 1) d^2 + Z^2 S^2}$$

S<sup>2</sup>= 0.288

The demographical status is shown in table 1.

**Table 1: Population’s demographical status**

Female	Male	Gender
24.4%	74.4%	

Missed data is 1.2%.

Single	Married	Marital status
10.5%	86%	

Missed data is 13.5%.

Masters and higher	Bachelor	Associate of arts	Diploma and lower	Educations
16.9%	12.8%	57%	29.1%	

Missed data is 1.2%.

15 – 20 years	10 – 15 years	5 – 10 years	- 5 years	Job experience
9.3%	16.3%	47.7%	25.6%	

Missed data is 1.2%.

In present study, a self – structured questionnaire devised by Mr. Vaziri is used. To assure whether questionnaire can really measure the relevant traits or not, he submitted it to some instructors in Qom Pardis, University of Tehran, as well as some experts and managers in Qom Agricultural Jihad Organization. He asked them (n=45) to share their opinions on the type, quantity and correlation of questions. Upon gathering their opinions, some changes were made in the questionnaire and then it was supported (Vazirirad, 2008: 123). Questionnaire reliability was achieved 0.93 in a 30-subject sample which indicates the reliability of the utilized questionnaire.

## **Social capital components**

### **1. Trust**

Social capital is an asset, resource and capacity acquired from trust, mutual relationship, good will and social networks (Glabraith, Rodriguez & Stiles, 2007). Cohen and Pursak (2001) defined social capital with such components as trust, mutual understanding, behaviors and common norms (Brooks & Nafukho , 2006). Inglehart (1997) asserts that social capital is trust culture in which networks, wide communications and organizations are shaped voluntarily (Amiri & Rahmani, 2006). Anthony Gidner believes that trust is safety feeling which reassures an alone man in transferences, crises and possible dangers (Afshar, 2009). Researches indicate that where trust – based relations are in high levels, people are highly tended to social exchanges and collaborative interactions. Misztal says: “trust provides communication and dialogue” (Moshabaki and Qelichly, 2007). Alvani (2001) believes that public managers can overcome trust mitigation among people and aid the generation of social capital and trust climate through social responsibility feeling, cohesion and obligation to ethical principles (Amirkhani and Pourezat, 2008).

### **2. Common norms:**

One of the most productive elements of social capital is common norms (Vazirirad, 2008: 32). Cohen and Pursak (2001) defined social capital as trust, mutual understanding, behaviors and common norms (Brooks & Nafukho , 2006). According to Putnam (1995), social capital refers to collective norms and tendencies originated from social networks (Goyal and Akhilesh, 2007).

### **3. Cooperation and mutual**

Francis Fukuyama defines social capital as a set of unofficial norms and values shared by group members among them cooperation is allowed (Vazirirad, 2008: 35).

Cooperation was coined by Robert Owen against Competition. Then, social connoisseurs used it in different concepts and functions so that Cooperation Movement and even Cooperatism found special status in socio economic theories (Cooperation, Wikipedia).

### **4. Collective integration and correlation**

According to Grucart, social capital is internal cultural and social integration, norms and values over interactions between people and entities in which such norms are designed. Social capital is like glue which guarantees the cohesion of societies and without it, no economic growth or human welfare is achieved (Vazirirad, 2008: 59).

### **5. Empathy and mutual respect and understanding**

Empathy in social capital can be studied on ethical issues based on studies by Divian (Vazirirad, 2008: 57). Cohen and Pursak (2001) defined social capital by such components as trust, mutual understanding, behaviors and common norms (Brooks & Nafukho, 2006).

Empathy is to aware feelings, needs and interests of other people as below:

1. Recognizing others: conceiving others' feelings, priorities and aims;
2. Developing others: conceiving others' development needs and supporting their capabilities
3. Service – orientation: prediction. Identifying and supplying customers (others') needs;
4. The capability of penetration: using effective tactics to encourage others;
5. Public awareness: the capability to develop emotions and identifying power relations (Zarei Matin, 2008: 25).

## 6. Contribution

French sociologist, Bourdieu asserts that social capital refers to communications and contribution of a society's members to realize the aims (Nazemzadeh, 2008). Social contribution refers to the category of willful activities by which the members of a society contribute in the affairs of neighborhood, city or village directly and indirectly and also in creating social life (Afshar, 2009).

The impacts and advantages of consultancy and advisory in Islamic view include: Contribution leads into using the capabilities of other individuals, mitigating mistakes in decision making, increasing empathy and friendship, enforces the morale of trust and self – belief and rises inner calmness and pleasure (Mirhashemi, 2006).

Concerning the advantages of consultancy, it seems that contribution is a logic response to today challenges and circumstances. An effective method for individuals' contribution in organizations is to use contributive management. Contributive management is a new motivational method in running manufacturing and service organizations effectively in both public and private sectors. Contributive management is based on the rationality that people contribute in decision making which impacts on their fates, have more independence in their deeds and make controls over their working life (McLegan and Nell, 1998: 47). Those managers who are responsible for decision making can take all the decisions alone but if they contribute others in decision making, they can use their ideas and would acquire more energy (Kjerulf, 2007).

## 7. Collective identity

Social capital includes all norms and values in intellectual, scientific, social and economic systems with such traits as mutual trust, social interaction and the feeling of collective identity (Afshar, 2009). One can consider social capital as the result of below phenomena in a social system: mutual trust, mutual social interaction, collective identity feeling, the feeling of a common image of the future and team working (Alavi, 2001). Identity is a process in which an individual feels that it is integrated with a group of other people (Moshabaki and Qelichly, 2007). Collective identity is a social – mental interaction created by an individual on himself/herself and deductions/expectations on adaptations and coordination (Vazirirad, 2008: 62). In their studies, Lewicki and Bunker show that a remarkable collective identity may not only increase the opportunities of information exchange but also it may raise the real frequency of cooperation among people (Moshabaki and Qelichly, 2007).

## Data analysis

To analyze data, deductive statistic including Kolmogorov – Smirnov, single statistical population average, Spearman correlation coefficient and Freedman tests are used. To study the normality of research variables, Kolmogorov – Smirnov test is used. Based on results, significance ratio for social capital and its components is less than 0.05. Therefore, all research variables are normal. To study the status of social capital components, single population average test is used and the relevant results are shown in table 2.

**Table 2: the status of social capital components**

Average	Status	QTY	Variables
3.6416	Desired	68	social capital
3.3225	Desired	80	Trust
3.3157	Desired	83	Common norms
4.0264	Desired	84	Mutual cooperation
3.2707	Desired	82	Collective cohesion and integration
3.8529	Desired	85	Empathy and mutual conception
3.9789	Desired	83	Contribution
3.7708	Desired	84	Collective identity

To study hypotheses, Spearman correlation coefficient is used. Table 3 indicates correlation coefficients and significance ratio between social capital and educations. In these researches, educations are measured by demographic questions in the beginning of the questionnaire. The categorization of educations is based on associate of arts, masters and higher.

**Table 3: correlation coefficients between social capital and educations**

Sig	Correlation coefficient	Variables
0.717	0.041	Trust
0.048	0.219	Common norms
0.353	0.103	Mutual cooperation
0.1587	0.158	Collective cohesion and integration
0.009	0.285	Empathy and mutual conception
.0880	0.190	Contribution
0.164	0.154	Collective identity
0.037	0.254	Social capital

Correlation coefficient is 0.254 between social capital and educations. Since significance ratio is lesser than 0.05 (0.037), we conclude that there is a positive relationship between social capital and educations and the general hypothesis is supported.

By using EXCELL software, relevant diagram on the relationship between social capital and educations is drawn (diagram 1). It shows that more educations would increase social capital. The average of social capital of people with masters and higher is more than the social capital of people with bachelors. Likewise, the average of social capital of people with bachelors is greater than people with associate of arts.

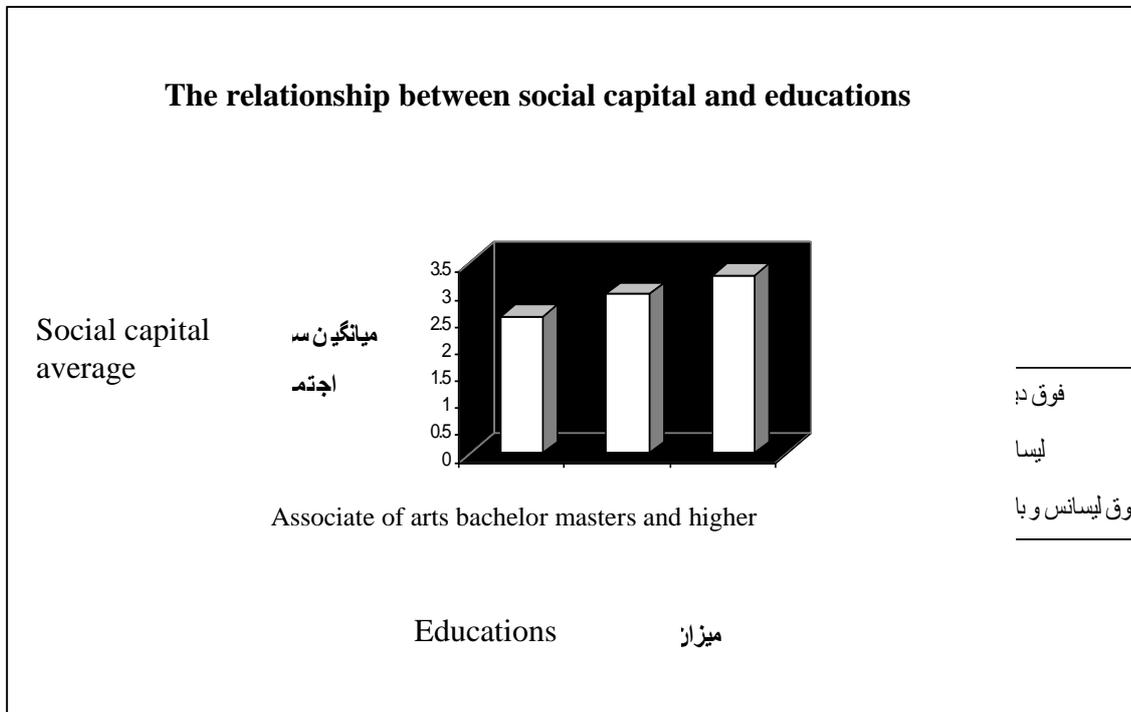


Diagram 1: the relationship between social capital and educations

Concerning special hypotheses, one can admire below results based on table 3:

1. There is no significant relationship between trust, mutual cooperation, collective integration and cohesion, contribution, collective identity and educations (in 5% as error level). Since Sig is greater than 0.05, hypotheses 1, 3, 4, 6 and 7 are not supported.

2. Since Sig for common norms and empathy is lesser than 0.05, hypotheses 2 and 5 are supported. Since correlation coefficient is positive, one can conclude that there is a significant and positive relationship between common norms and empathy and educations freedman test is used to rank social capital components. These components are shown in table 4 in order of priority.

**Table 4: prioritizing social capital components**

Ranks	Variables	Priority
5.30	Mutual cooperation	1
5.14	Contribution	2
4.99	Empathy and mutual conception	3
4.35	Collective identity	4
2.97	Trust	5
2.74	Common norms	6
2.51	Collective cohesion	7

### Recommendations

1. Efforts to network and facilitate communications through utilizing IT and web social networks

2. Using new media such Internet and making Internet social network would facilitate the relations between different people and create a joint language and help their conceptions and finally achieving joint meanings.

3. Establishing open and clear communications, disseminating all organizational good and bad news, constant meetings and interactions of employees with different managerial level and employees' contribution in different affairs

4. Assigning authorities on planning and timetabling their affairs is the best way of trust building in organization since an individual considers him/her as an effective and accountable person who is interested in the future of organization.

5. Fostering affectionate intelligence and emotional intelligence in order to conceive the feelings in order to achieve constructive communications and collective concurrence (organizational intelligence)

6. Defining profitable communications, values and joint interests in the light of contributive contribution

7. Respecting human values and mutual respect

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