

Social Capital of the Organization

Dr.Sanjar Salajegheh¹, Nasrin Pirmoradi²

¹Member of scientific board, Management Department, Islamic AZAD University, Kerman Branch, Kerman, Iran

²Student of governmental management, PhD degree, Islamic Azad University, Kerman Branch, Kerman, Iran

Abstract:- Social capital is a new concept playing a more important role in organizations and societies than human and physical capital. Nowadays, this concept is being used extensively in sociology and economics, and even recently in management and organization. The concept of social capital indicates linkage and communication between members of a network and causes the goals of the members to be met, creating norms and mutual trust.

Social capital is considered as a new concept which, as compared with the human or physical capitals, is of more significance within different organizations. On the other hand the social capital is one of the new concepts which is playing more important role in every organization or society as compared with the human and physical capitals. Today, in the fields of sociology and economy and recently the organizational management concept of the social capital is widely utilized. The concept of the social capital in fact refers to the bindings and relationships between members of a network as a valuable source which by creating norms and mutual trust will prepare the ground for achievements of all objectives desired by the members of every organization. In absence of the social capital other capitals will lose their effectiveness and the march towards development and cultural and economic evolution becomes more difficult and risky. The social capital, can give us a new impression of the socio-economic systems assisting the managers in better management of their systems and organizations whether at macro management level or within small organizations and corporations.

Keywords:- social capital, organizational social capital, Management, Organization, Performance

I. INTRODUCTION

Social capital is a concept which has been accepted as a valuable asset for protection and safety of society, empowerment of organizations, and likelihood of civil society (Timberlake, 2005). It plays an important role in meeting organization's needs and contributing to their successful survival in today's world of competition. It acts as a management tool for fulfilling organizations' goals more effectively and with less cost. In other words, social capital facilitates knowledge sharing, value creation, competitive advantage, better and faster performance, and further development of organizations (Abili and Faraji, 2009). It includes norms, values, orientations, networks and social relations governing behaviors and interactions among individuals. It also facilitates individuals' mutual cooperation and coordination for shared interests and enables them to act collectively. Social capital a set of valuable resources inherent in social relations of primitive and secondary groups and also in the social organization of the society (official and unofficial institutes). Some major resources, which are sometimes referred to as social values, are: honesty, rapport, sympathy, friendship, participation, etc. Through these resources, social capital can make the interaction of the active members in different levels somehow easy, quick and inexpensive and this way help them in reaching their common social goals (Fatehi, 2004). The new advantage is *context* – how internal and external content is interpreted, combined, made sense of, and converted to new products and services.

Creating competitive context requires social capital – the ability to find, utilize and combine the skills, knowledge and experience of others, inside and outside of the organization. Social capital is derived from employees' professional and business networks.

Human Resources used to focus only on within-employee factors. The new competitive landscape requires focusing on between-employee factors, the connections that combine to create new processes, products and services. Social capital encompasses communities of practice, knowledge exchanges, information flows, interest groups, social networks and other emergent connections between employees, suppliers, regulators, partners and customers. Social capital is what connects various forms of human capital. It is these patterns of connections that produce advantage for one group, and constraint for another. People with better social capital:

- Find better jobs more quickly, (Granovetter, 1995)
- Are more likely to be promoted early, (Gabbay, 1997)
- Close deals faster, (Mizruchi, 2000)
- Receive larger bonuses,

- Enhance the performance of their teams, (Rosenthal, 1996)
- Help their teams reach their goals more rapidly, (Hansen, 1998)
- Perform better as project managers, (Greve, 1999)
- Help their teams generate more creative solutions, (Ancona, 1992)
- Increase output from their R&D teams, (Reagans, 1992)
- Coordinate projects more effectively, (Martin, 2000)
- Learn more about the firm’s environment and marketplace, (Lofstrom,, 2000)and
- Receive higher performance evaluations. (Burt,, 1998)

The affects of social capital do not contribute to just the success of individuals and teams. Organizations with better connections in the network of industryalliances and joint ventures report higher patent outputs, (Gautam, 1998)) a higher probability of innovation, (Stuart, 1999) and higher earnings and chances of survival in rapidly innovating industries. (Kenneth, 2000).

For years, there have been three different assets including natural, physical and human capital fordevelopment and economic performance. However, it is important to realize that developmentdepends on social capital and active institutions in the organization (Amirkhani & Poorezzat, 2010).

II. DEFINITIONS AND DIMENSIONS OF SOCIAL CAPITAL

Social capital does not have a clear, undisputed meaning, for substantive and ideological reasons (Dolfsma and Dannreuther 2003; Foley and Edwards 1997). For this reason there is no set and commonly agreed upon definition of social capital and the particular definition adopted by a study will depend on the discipline and level of investigation (Robison et al. 2002) . Not surprisingly considering the different frameworks for looking at social capital there is considerable disagreement and even contradiction in the definitions of social capital (Adler and Kwon 2002). Because of the difficulties in defining social capital, authors tend to discuss the concept, its intellectual origin, its diversity of applications and some of its unresolved issues before adopting a school of thought and adding their own definition (Adam and Roncevic 2003). It has been suggested that a cross disciplinary definition would be less important if scholars were to redefine and appreciate other discipline’s definitions (SCIG 2000).

External versus Internal	Authors	Definitions of Social Capital
External/ Bridging/ Communal	Baker	‘A resource that actors derive from specific social structures and then use to pursue their interests; it is created by changes in the relationship among actors’; (Baker 1990, p. 619).
	Belliveau, O’Reilly, Wade	‘An individual’s personal network and elite institutional affiliations’ (Belliveau et al. 1996, p. 1572).
	Bourdieu	‘The aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition’ (Bourdieu 1986, p. 248) .’made up of social obligations (‘connections’), which is convertible, in certain conditions, into economic capital and may be institutionalized in the form of a title of nobility’ (Bourdieu 1986, p. 243) .
	Bourdieu Wacquant	‘The sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition’ (Bourdieu and 1992, p. 119) .
	Boxman, De Graai. Flap	‘The numbers of people who can be expected to provide support and the resources those people have at their disposal’ (Boxman et al. 1991, p. 52).
	Burt	‘Friends, colleagues, and more general contacts through whom you receive opportunities to use your financial and human capital’ (Burt 1992, p. 9).’The brokerage opportunities in a network’ (Burt 1997, p. 355).

	Knoke	‘The process by which social actors create and mobilize their network connections within and between organizations to gain access to other social actors’ resources’ (Knoke 1999, p. 18) .
	Portes	‘The ability of actors to secure benefits by virtue of membership in social networks or other social structures’ (Portes 1998, p. 6) .
Internal/ Bonding/ Linking	BrehmRahn	‘The web of cooperative relationships between citizens that facilitate resolution of collective action problems’ (Brehm and Rahn 1997, p. 999).
	Coleman	‘Social capital is defined by its function. It is not a single entity, but a variety of different entities having two characteristics in common: They all consist of some aspect of social structure, and they facilitate certain actions of individuals who are within the structure’ (Coleman 1990, p. 302).
	Fukuyama	‘The ability of people to work together for common purposes in groups and organizations’ (Fukuyama 1995, p. 10).’Social capital can be defined simply as the existence of a certain set of informal values or norms shared among members of a group that permit cooperation among them’ (Fukuyama 1997).
	Inglehart	‘A culture of trust and tolerance, in which extensive networks of voluntary associations emerge’ (Inglehart 1997, p. 188).
	Portes Sensenbrenner	‘those expectations for action within a collectivity that affect the economic goals and goal’ seeking behavior of its members, even if these expectations are not oriented toward the economic sphere’ (Portes 1993, p. 1323).
	Putnam	‘Features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit’ (Putnam 1995, p. 67).
	Thomas	‘Those voluntary means and processes developed within civil society which promote development for the collective whole’ (Thomas 1996, p. 11).
Both types	Loury	‘naturally occurring social relationships among persons which promote or assist the acquisition of skills and traits valued in the marketplace. . . an asset which may be as significant as financial bequests in accounting for the maintenance of inequality in our society’ (Loury 1992, p. 100) .
	Nahapiet and Ghoshal	‘The sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit. Social capital thus comprises both the network and the assets that may be mobilized through that network’ (Nahapiet 1998, p. 243).
	Pennar	‘The web of social relationships that influences individual behavior and thereby affects economic growth’ (Pennar 1997, p. 154).
	Schiff	‘The set of elements of the social structure that affects relations among people and are inputs or arguments of the production and/or utility function’ (Schiff 1992, p. 160).
	Woolcock	‘The information, trust, and norms of reciprocity inhering in one’s social networks’ (Woolcock 1998, p. 153) .

Social capital does exist in three levels. At micro level, it is formed wherever human relations exist. At middle level, it is formed among members of a group. Relations created as a result of group membership and belongingness can provide opportunities for development of social capital. At macro level, social capital exists in larger social environments and includes formal relations and structures, such as rules and regulations and legal frameworks (Akdere, 2008). There are two types of internal and external social capital. Internal social capital refers to structure and content of relations among employees as well as organizational units. According to Nahapiet and Ghoshal (1998), this type of organizational social capital has three dimensions of structural, relational and cognitive. External social capital exists in mutual relations between the company and its external stakeholders and increases organizational predicting capability in interacting with environment and provides opportunities for management. According to Nahapiet and Ghoshal (1998), organizational social capital (OSC) is a collection of existing and potential sources resulted from relational network which belongs to individual or a social unit. As a basis for trust and cooperation among individuals, it helps to lead social relations and improves organizational performance. Organizational social capital exists in structures and processes of social exchange and it is the only factor which provides sustainable organizational advantage. It reflects quality of relations in organization and measures interrelatedness among its members (Pastoriza, 2009). Organizational social capital is a source which reflects the nature of social relations in an organization. It is identified through desire for collective goal and shared trust among members of an organization. According to Leana and Van Buren, social capital is an asset which gives benefit to both individual and organization. The importance of organizational social capital is that it causes gathering of individuals as team members who work together to succeed. It also causes the integrity of staff and management (Leana, 1999). Quality of organization from social capital perspective is assessed based on the characteristics of existing social relations in which employees (a) learn about organizational values and try to gain them, (b) trust and help each other and (c) learn about and understand each other (Pastoriza, 2009).

Clearly, they don't define the dimensions of the social capital unanimously. Each of the researchers has categorized the social capital differently. Nahapiet and Ghoshal (1998) accounted three dimensions for social capital, including: cognitive dimension, structural dimension and relational dimension (Krause, 2007:531).

1. Cognitive dimension social capital. This dimension includes the amount of employees' participation inside a social network of the same view point, or the perception among them (Bolino, 2002:506). And like relational dimension, deals with the nature of communication between people in an organization and involve these items: common code and language as well as common narrations (Nahapiet, 1998:251). Nahapiet & Ghoshal (1998) define cognitive dimension as resources providing the common wish among different parts (Watson, 2002:543). Namely, this dimension is regarded as the resources which provide common interpretation for different groups. They also say that common aims and values develop because of constant participation in the semantics process as different groups produce common perception (Krause et al., 2007:531).

2. Structural dimension of social capital: This dimension points at the relation between players which are repeatedly sharing information. Nahapiet and Ghoshal (1998) brought reasons that enjoying this information will lead to increase the ability of organization in attraction, analysis and reconciliation of knowledge and this issue will lead to an emulative advantage for the organization (Carrie, 2006:355). Structural dimension includes the model of linkages between networks and the form of organizing the network as well as organizational proportion (Nahapiet, 1998:251).

3. Relational dimension of social capital: this includes the nature of relationship in an organization. In other words, this dimension focuses on nature and quality of communications in organization (Bolino, 2002:506). This dimension involves Trust, Norms, Obligations and Identification (Nahapiet, 1998:251). Nahapiet and Ghoshal (1998) state that combination and exchange of knowledge can be eased in an organization when the people communicate with each other (structural capital), when they have closer relationship (relational capital) and when the people are able to perceive and apply knowledge (cognitive capital) (Mat Isa, 2007:248).

Table 3: the dimensions offered for social capital by different researchers

Researchers	Dimensions
Coleman	Obligations, information channel, trust, norms and influential approvals (Coleman, 1988:97)
Portes	norms (Portes, 1998:19)
Putnam	trust, norms and network linkages (Evans, 1996. Woolcok, 1998:28)
Leana and Van Buren	Independence and trust (Leana, , 1999:542)
Lock Lee, Laurence	Quality and structural networks (Lock Lee, 2005:123)
Nahapiet, J. ,	Relational, structural, cognitive (Krause et al., 2007:531)

&Ghoshal	
Islam et al	Structural, cognitive, horizontal and vertical(Islam et al., 2006:5)
Conedy Studying group	Trust, political participation, civil leadership and participation, non-official social linkages, forgiveness and volunteer ship, religious participation, justice in the civil participation, difference in friendship.(Rahmanseresht,2007:268)

III. THE ROLE OF INDIVIDUALS AND HUMAN CAPITAL IN THE SOCIAL CAPITAL OF THE ORGANIZATION

Human and physical capitals facilitate productive activities and social capital works as well. For instance, groups whose members trust each other perform better than one which doesn't have trustful members (Ashna, 2005).

The theory of human capital explains that individuals make rational choices for a better investment in their time, efforts, money, education, studies and doesn't belong to any particular organization since it is the workers of the owners of social capital who decide for the rate of the investment in human capital. Social capital makes value through investment in increasing the knowledge, skills and capabilities of individuals. One form of investment in human capital is education and higher levels of education demonstrate better investment in this part. It is also said that age is another form of human capital in a way that younger workers have more time to improve their qualifications than the older ones (Lin, 2005) Researchers explained that the relationship between human capital and social capital is causative, that is, every individual's knowledge is positively related to the position he gains in social capital is improved according to his effect on other members. It is to say that those who have higher social capital are respected more because of their help and advice and this in turn increases their influence upon others.

Similarly, interaction between human capital and social capital has positive effect on the organization's financial performance (I bid) Top managers nowadays are aware that social capital increasingly gains more importance and they also know that they can rarely find individuals with high social capital. The higher value of these individuals has drawn the attention of organizations to brain-drain and accordingly managers seeking to promote their organizations try to hire workers with high social capital and this way increase their invisible assets (Tymon, 2003). Generally, individuals with high social capital gain a higher position than others in the organization in a way that they have access to the required information and are able to understand the problems and find functional solutions(Lin, 2005) Thus enables them to solve the problems easier and act as an important resource to deal with other workers. This way other workers turn to consult them more frequently and they reach an advantageous position in the organization that can be used as an important resource in future transactions. Thus these individuals get more opportunities to help the organization and can achieve promotion and success in their career. Managers with high social capital gets promoted quickly. Individual with high social capital due to their great relations with people are less dependent on a single person and can control others over achievements in resources (Lin, 2005)

IV. SOCIAL CAPITAL AND ITS IMPORTANCE IN THE ORGANIZATION AND MANAGEMENT

Organizations are presumed to have boundaries. They are endowed with various kinds of assets on which they make ownership claims, and which are protected with isolating mechanisms such as patents and contracts. They are liable for the products and services they produce. Also, they have members whose inclusion in the organization is usually beyond dispute. In fact, the firm as a collection of individuals is often bracketed when considering the competitive game it is playing with other firms. Yet, organizational boundaries are precarious and certainly permeable. They have exchange relationships with suppliers and clients, collude with competitors, and forge all kinds of alliances with them because they cover only part of the value added in their value chain. In their positioning across the chain they face such decisions to "make or buy" components and supplies, whether to share or even outsource R&D efforts, or to operate on a stand-alone basis. Their coherence and integrity might decline and bundles of resources often unravel into discrete parts, but these resources might also become combined—for example in investments and acquisitions, respectively.

Organizations are embedded in a web of relational ties. Social capital of organizations constitutes a distinctly collective property that might be mediated by individuals yet is uniquely organizational. Social capital complements financial and human capital as assets that are more or less valuable, scarce and imperfectly tradable (Barney, 1991). Social capital is even more unique and difficult to appropriate than these other types of assets as it hinges on the continued involvement of two or more parties. Firms, as repositories of unique resources require complementary assets in order to compete successfully. Social capital is crucial in bundling intangible assets and

provides the absorptive capacity to merge proprietary knowledge with that of others. Organizations need to coordinate their interdependencies in the value chain and negotiate a position in their industry. By forging external networks, the organization maintains optimal boundary conditions and remains in tune with external trends and events. At the same time, its boundary structures preserve an organizational modicum of identity and protection against erosion of its assets. The benefits of social capital seem beyond doubt; less intuitive might be the cost of social liability. Social embeddedness endangers a firm's appropriability regime, and might also envelop the firm too tightly into a web of ties that it stifles its ability to change or impedes its innovative capability. While network relationship is often viewed as conferring various benefits, we should therefore also examine its undesirable consequences (Penning & Lee, 1998).

Today, along with human capital, finance and economics, especially after the fall of the Berlin Wall, the social capital as a global issue and has been exploited (Fukuyama, 2006). This capital new, complex and important social science as one of the most important indicators of growth and development as the missing link is in the military (Fukuyama, 2006). Social capital was not explicitly considered in the past, but now, rapidly changing environment, information technology, Growing needs for information and education, innovation and creativity to the growing needs and the need for continuous improvement organization, which implied the organization leaders, Social capital constitutes a valuable resource for the organization to consider (Rahmanipour, 1382)

Therefore, can said: "social capital" of the set of norms and values existing in the system of intellectual, scientific, social, economic, cultural and political community comes from.

These norms and values of the impact of social, economic, political and social system of the type, that With features such as warm relationships, develop social cohesion and solidarity, development of social partnership, mutual trust, comprehensive development of shared norms (social warmth and strong behavior patterns), mutual cooperation, empathy, collective identity, voluntary participation, collective spirit, communication and mutual respect, common interests and share knowledge and information . (Putnam, 2000) .From the previous period, according to the organizations as social actors and social issues associated with the organization's needs and care experts, Favorable areas for expanding the concept of social capital within organizations has created. From a managerial perspective of social capital are a phenomenon and its various features defined including trust (norms), shared values and behaviors, communication, cooperation, mutual commitment, mutual understanding and networks. (Vilanava, 2003) .Organizations that have higher levels of social capital, likely to have less social capital than their competitors, are more successful (Nahapiet, 1998). On the other hand, between social capital and employee commitment, flexibility organization, good management, collective action and create high levels of capital concept, positive and significant relationship is established. Thus, social capital can enhance organizational performance (Bolino, 2002). Organizational social capital is an asset that too for the organization (through the creation of value for stakeholders) and for members of the organization (through skills upgrading of employees) is useful (Leana, 1999) .Finally, according to research be obtained, social capital can:

- 1_ Professional success influence.
- 2_ to help in process employee's job-search.
- 3_ Facilitate the exchange of resources between units.
- 4_ Innovation, creation of intellectual capital and to stimulate multi-functional team performance.
- 5_ Reduce job turnover.
- 6_ Communication with suppliers, regional network of production and to promote learning between organizations.

The idea of looking at social capital in firms and organizations was, as (Cohen, 2001: 6) said, relatively new. This may be because of the way in which the dominance of more mechanistic and system-oriented conceptions of organizational activity has 'masked their deeply social nature (*op. cit.*). A number of those concerned with organizational development, like Cohen and Prusak, have become increasingly suspicious of the 'people, processes, technology' mantra, 'ceaselessly intoned as a summary of the sources of organizational effectiveness' (*ibid.*: 8). There has, of course, been a significant embracing of the notion of human capital – but those writing about it rarely approach the social nature of organizations – and often fall prey to a tendency to draw upon theories and metaphors that derive financial and physical notions of capital. The argument of those concerned with social capital is that when harnessed it generates economic returns. More particularly, the benefits claimed include:

Better knowledge sharing, due to established trust relationships, common frames of reference, and shared goals.

Lower transaction costs, due to a high level of trust and a cooperative spirit (both within the organization and between the organization and its customers and partners).

Low turnover rates, reducing severance costs and hiring and training expenses, avoiding discontinuities associated with frequent personnel changes, and maintaining valuable organizational knowledge.

Greater coherence of action due to organizational stability and shared understanding. (Cohen, 2001: 10)

Given the relative infancy of the application of social capital to organizational life there is little sustained or substantial research that can support attention to the notion within organizations. It certainly isn't *the* key to success (*ibid*: 11), but it is part of the fabric of organizational life – and the need to engage with it is, arguably, growing. The increasing complexity of organizations and the scale of informational activity; globalization; external and internal volatility; and what Cohen, (2001: 155-181) call 'the challenge of virtuality' (work carried out over a distance of time and space) all contribute here.

How should HR usher in the age of the connected employee? Burt sees four key areas where HR will need to map, monitor and mold social capital (Kerbs, 2008):

- 1) Identification,
- 2) Development,
- 3) Retention, and
- 4) Enhancement.

The first step is to identify the social capital in the organization. The development process emerges from the identification process.

Who needs to be trained to develop more social capital, a product of the relationship between individuals and between groups? It is not held by any one party. The recipient of human capital development is the individual. The targets of social capital development are individuals and their group/team/community. This relational aspect adds a whole new dimension to training and learning.

Social capital is a key driver in employee retention. Ronald Burt has identified patterns of social capital that indicate, with a high probability, who will stay and who will go. Knowing who is in danger of leaving allows early HR intervention before losing a key knowledge resource. A similar process, developed by the author for TRW Space & Electronics, revealed that women and minority engineers needed better connections to key knowledge communities. Inclusion in these communities was viewed as a sign of "commitment" to employees. In return, employees felt greater commitment to the organization. Employees who are included in key information flows and communities of knowledge are more dedicated and have a much higher rate of retention. The final factor in effective social capital is enhancement. How do we weave a better organization? Human Resources is accustomed to examining at prescribed, vertical relationships inside the organization – who works where and who reports to whom? Going forward, HR must also consider horizontal and diagonal relationships. The focus is shifting from strictly internal connections to internal and external connections to all stakeholders. The key to enhancement knows where you are now and where you want to go. With this information, the gaps develop a product for X market, we might determine that departments X and Y need a better working relationship and knowledge exchange. We also need access to knowledge outside the organization (Kerbs, 2008).

V. POTENTIAL BENEFITS FROM SOCIAL CAPITAL

Social Networks (formal and informal) can bring many advantages. Indeed, the value of social capital depends on the value of the flow of benefits that can be drawn from an activation of these networks. The same is true of human capital; the value of any given education or training depends on the flow of benefits it produces. There is a range of potential benefits or resources that may flow from a person or group's network of social ties. These include the following.

- Material goods and services: Social networks often constitute an essential source of informal services such as child care, informal health care, language training or, in distressed situations, food, clothing, and housing.
- Information: Job hunters can draw on their contacts to get a scoop on new employment opportunities. Collaboration between community groups can help provide coordinated information for newly arrived immigrants.
- Reduced transaction costs: Organizations or groups may spend less time finding the right employee or new business contacts if social ties can act as intermediaries.
- Emotional support: In stressful situations, support networks may help to find a solution to the problem, reduce the perceived importance of the problem, or provide a distraction from the problem. Indeed, simply knowing you have a potential support network may increase your sense of self efficacy and control.
- Reinforcement of positive behaviors: Friends or family may influence whether individuals exercise, eat healthy diets, or quit smoking.
- Service Brokerage: Network contacts may help broker effective access to health, employment, or training services for those who would be unable or unwilling to access these services by themselves. Individuals may also benefit from a community's social capital, even if they have low levels of personal social capital. For example, evidence from a study of the 1995 Chicago heat wave found that the social connections and linkages that existed in a neighborhood made a difference. More than 700 people died as a result of that heat wave, with the highest risk of death being concentrated among isolated elderly persons. However, those neighborhoods with networks of neighbors who regularly saw each other and interacted on a daily

basis were better able to protect their residents against the risk of death, even those elderly persons who were typically isolated from their neighbors. Thus benefits from social capital need not be private, but can also take on public dimensions (Cannuscio, 2003)

VI. EVALUATING SOCIAL CAPITAL

Though Bourdieu might agree with Coleman that social capital in the abstract is a neutral resource, his work tends to show how it can be used practically to produce or reproduce inequality, demonstrating for instance how people gain access to powerful positions through the direct and indirect employment of social connections. Robert Putnam has used the concept in a much more positive light: though he was at first careful to argue that social capital was a neutral term, stating "whether or not [the] shared are praiseworthy is, of course, entirely another matter (Foley,1997) .his work on American society tends to frame social capital as a producer of "civic engagement" and also a broad societal measure of communal health (Alessandrini,2002).He also transforms social capital from a resource possessed by individuals to an attribute of collectives, focusing on norms and trust as producers of social capital to the exclusion of networks. Mahyar Arefi (Arefi, (2003). identifies consensus building as a direct positive indicator of social capital. Consensus implies "shared interest" and agreement among various actors and stakeholders to induce collective action. Collective action is thus an indicator of increased social capital. Edwards and Foley, as editors of a special edition of the American Behavioural Scientist on "Social Capital, Civil Society and Contemporary Democracy", raised two key issues in the study of social capital. First, social capital is not equally available to all, in much the same way that other forms of capital are differently available. Geographic and social isolation limit access to this resource. Second, not all social capital is created equally. The value of a specific source of social capital depends in no small part on the socio-economic position of the source with society. On top of this, Portes has identified four negative consequences of social capital: exclusion of outsiders; excess claims on group members; restrictions on individual freedom; and downward leveling norms. (Portes, 1998). Here it is important to note the distinction between "bonding" and "bridging". There is currently no research which identifies the negative consequences of "bridging" social capital when in balance with its necessary antecedent, "bonding".

VII. REVIEW OF PREVIOUS RESEARCH

The results research of Bafandeh showed that the open distance education can affects quality and quantity of social capital in country. A focus on social capital allows for a closer examination of capacity of individuals and groups for making linkages among themselves and with organizations at the local or national level. Our point is that rule of distance education in social capital promotion have been neglected by researchers and decision makers (Bafandeh, 2011).

The results research of Ahmadi showed that there is a meaningful relationship between the three dimensions of the social capital and the knowledge management effectiveness. In continuation the organizational rating was assessed based on the knowledge management dimensions and the social capital and in the end some recommendations were introduced for promotion of the social capital and knowledge management within the organization (Ahmadi, 2012).

In the research carried out in the Daadepardazane Iran Company the same subject had been investigated. During the research the research titled "Role of the social capital in development of the organizational knowledge management" the following assumptions were raised and discussed by the researcher:

- 1- The Social capital is affecting the hard measures of the knowledge management
- 2- The Social capital is affecting the soft measures of the knowledge management

Based on the research outcome the first assumption was confirmed and the second one was rejected. It is noticeable that since the activities of knowledge acquirement, knowledge registration and knowledge application were identified as hard activities no relation was confirmed in this respect and knowledge soft activities including knowledge creation and knowledge transfer was found having meaningful relationship with the social capital. It is worth mentioning that soft activities of the knowledge management include those activities in the knowledge management cycle that are mostly based on the human factor, human interaction and effective human communications. The hard activities of the knowledge management also include structure and technology oriented activities with in the organization.

The outcome of Nemati and Jamshidi research titled "Relationship and Impact of Knowledge Sharing Process on the Social Capital among Members of the Technologies Units of the Roshd Center of Shaheed Beheshti University Branch in Mashhad" also confirmed the third assumption (there is meaningful relationship between the knowledge exchange process and experience). Role of the social capital in knowledge sharing/distribution and creation also was confirmed in the research carried out by Moshabaki and Qelichkhani (on two Iran's automobile manufacturing companies). At the end of their research Moshabaki and Qelichkhani concluded that:" The social capital as one of the most important organizational features can assist the desired company in

creating and sharing knowledge and in promotion of its intellectual asset leading to establishment of the sustainable organizational advantage"(Ahmadi,2012).

The results research of Heidari and others showed that the level of social capital and organization entrepreneurship infirmity in this organization also it was concluded that there are significantly positive correlation between organization entrepreneurship and social capital (Heidari & Rostami, 2012).

The results of Abili showed that the selected knowledge-based organizations are not benefiting from a desirable social capital. It is even worse in large organizations. Therefore, some measures need to be taken to improve the situation (Abili, 2011).

The results research of Rohde showed that both processes trust-building and social identification with a shared enterprise and common practice – need more time than half a year to show results.Both results could be due to the attractivity which foreign experts might have for Iranians which have been isolated internationally for a long time. Additionally, a free computer system which was introduced and the provided computer trainings might have caused positive ratings. Especially for NGO practitioners who are volunteering in civil society activities, these offers and trainings mean a personal benefit. On the other hand the rate of activities in the community system is not very high, especially related to the number of 300 registered members. Regarding the establishment of communities of practice, they found first indicators of a shared practice in several joint projects. However, according to the online activities until May 2003, the common practice in the established projects is not very pronounced. This might be due to the reported lack of cooperative culture in Iran (Namazi, 2000). Contrary to the traditional community based charity organizations, the “new” Iranian NGO movement has not developed a tradition of collaboration and teamwork. Additionally, the establishment of mutual trust and trustworthiness will be more complicate and difficult in a society which faces violation of human rights by a restrictive regime.

Besides this national NGO networking, the project aims at the support of international cooperation of Iranian NGOs as well. In December 2000 a delegation visit of 10 leading Iranian NGO members to Germany and to the European Commission in Brussels was organized. In several meetings these Iranian delegates exchanged experiences with German NGO practitioners and experts, with politicians and civil society researchers. This delegation visit marks a starting point for cooperations and international relationships between Iranian and German CSOs. To guarantee a sustainable process of building an e-community, a living culture of cooperation and a Cop of Iranian NGOs are needed. The future success of the system is dependent on the engagement and the activities of Iranian facilitators and supporters of the networking process (Rohde) .

-Kerbs in his study believe that: The new advantage is *context* – how internal and external content is interpreted, combined, made sense of, and converted to new products and services. Creating competitive context requires social capital – the ability to find, utilize and combine the skills, knowledge and experience of others, inside and outside of the organization. Social capital is derived from employees’ professional and business networks.

Human Resources used to focus only on within-employee factors. The new competitive landscape requires focusing on between-employee factors, the connections that combine to create new processes, products and services. Social capital encompasses communities of practice, knowledge exchanges, information flows, interest groups, social networks and other emergent connections between employees, suppliers, regulators, partners and customers. Social capital is what connects various forms of human capital. It is these patterns of connections that produce advantage for one group, and constraint for another. In the networked economy, the one with the best connections wins! (Kerbs, 2008).

The results research of Zarea (2012), showed that: in the significant relationship between OCB and SC, all of the obtained correlations are direct but some of them are weak. The greatest correlation coefficient is between civic virtue and identity, and the least correlation coefficient is between consciousness and cooperation. So it can be claimed that in general the relationship between these two variables of the research is accepted, this relationship is not strong in some of dimensions. The social capital and particularly the related dimensions of SC in public organizations of Qom province are not satisfied. According to the results of this research, the situation of OCB in public organizations of Qom province is not very satisfactory and excellent. On the one hand, all accept that OCBs are necessary for improvement of the organization; we see that it is not a very good situation. To improve and develop OCBs in public organizations, we should regard multiple factors not one or two factors. For making the OCBs appear, we need the suitable context.

The personnel’s attitudes toward structural dimensions are negative, so they should carry out alterations in structures to improve social capital. The rate of trust in the sample is low. They have to discover the roots of this distrust and try to eradicate it. Some part of this distrust originated from the lack of transparency in distribution of information, the other part originated from inequity and unjust behaviors with coworkers, and the other from unpleasant sense or perception they have about organization. To encourage people to exhibit OCB, it is necessary to consider their motivations and to know the sources of their behaviors and attitudes toward their work and environment. Among the dimensions of OCB, loyalty is less supported. Without personnel’s loyalty, the organization cannot be successful. Hence, they should look for the ways that inspire the personnel’s loyalty.

-**Veismoradi** and others had presented a comprehensive study to measure the relationship between organizational learning potentials and other issues including trust, cohesion, mutual cooperation, network and communication. The main hypothesis of this survey has confirmed that there was a positive and meaningful relationship between social capital and learning organization (Veismoradi, 2012).

VIII. CONCLUSION

Social capital plays a more important role than physical and human capital in organization and societies. In the absence of social capital, other capital won't be influential and achieving development, economic and cultural completion will be more difficult.

Social capital appears to be positively related to organizational effectiveness and to play a central role in reducing organizational transaction costs (Fukuyama, 1995). It also facilitates coordinated action to achieve desired goals (Leana, 1999), justifies organizational commitment (Watson, 2002), and results in a significant positive impact on product innovation (Nahapiet, 1998). Within an organizational context, it doesn't matter much whether trust is a pre-condition of social capital or a product of social capital because what the organizational effectiveness literature suggests is that trust and social capital are mutually reinforcing—social capital generates trusting relationships that in turn produce social capital (Adler, 2000). As Luhmann argues that modern societies are characterized by the increasing importance of system trust, which is built upon the life that others also trust, not simply rest on bonds between people (Luhmann 1988: 66).

This conception is also consistent with a general sociological tradition that social mechanisms can help organizations solve problems of coordination and enhance economic performance (Burt 1992; Coleman 1990). Many researchers have been more interested in tracing the implications of social capital and trust for organizational decision processes than for their implications for mission accomplishment. The major reason for this fact is that social capital based outcomes are not easy to measure since social capital is a part of the fabric of people's working lives and deeply rooted in local circumstances. In most circumstances the outcomes of social capital are measured indirectly by "variables" which may appear to have some connections to it. But if the variable is not well fit, the result will mislead rather than inform (Field, 2003).

Of course, social capital is not the cure-all for many of the ills of society. Likewise, for organizations, it is not the only key to organizational success. Some organizations succeed despite the negative effects of low social capital because organizations are complicated and operate in complicated environments (Cohen, 2001). In civil society, social capital may result in power inequality because its possession does not guarantee equal access to social and economic resources. That is, access to different types of social networks is often very unequally distributed to the wealthy and the poor. Bourdieu (1986), for example, has stressed that the most prestigious and affluent with considerable stocks of economic and cultural capital have more social connections so that they are more likely to be able to gain access to social capital. Democratic policy makers interested in furthering the potential for democratic deliberation and in securing an increased measure of equal opportunity in their societies should be aware of this potential influence of social capital on inequality.

REFERENCES

- [1] Ancona, Deborah G. and David F. Caldwell. (1992). "Bridging the Boundary: External Activity and Performance in Organizational Teams", *Administrative Science Quarterly*, 37: 634-665.
- [2] Amirkhani, T., & Poorezzat, A.A. (2009). Reflection on development of social capital in the light of organizational justice. *Journal of Public Administration*, 1(1), 20. [In Persian].
- [3] Adler, Paul S, and Seok-Woo Kwon. (2002). "Social Capital: Prospects for a New Concept." *Academy of Management Review* 27: 17-40.
- [4] 4-Adler, P., & Kwon, S. (2000). Social capital: The good, the bad and the ugly. In E. Lesser (Ed.). *Knowledge and Social Capital: Foundations and Applications*. Butterworth-Heinemann.
- [5] Adam, Frane, and Borut Roncevic. (2003). 'Social Capital: Recent Debates and Research Trends.' *Social Science Information* 42: 155-183.
- [6] Abili, K. and Faraji, H., (2009). "A comparative study on organizational social capital in faculties of Humanities, Social and Behavioral Sciences at University of Tehran", Tehran, Iran.
- [7] Abili, K. "Social Capital Management in Iranian Knowledge-Based Organizations" *The Electronic Journal of Knowledge Management* Volume 9 Issue 3 (pp203-210), available online at www.ejkm.com.
- [8] Ahmadi, Ali Akbar. (2012). "Role of the Social Capital in Effectiveness of Knowledge Management within Iran Khodro Diesel Company", *International Journal of Learning & Development*, Vol. 2, No. 1.
- [9] Akdere, M. and Roberts, P.B., (2008) "Economics of social capital: implications for organizational performance", *Advances in Developing Human Resources*, Vol. 10, No. 6, pp 802-816
- [10] Ashna, M., (2005). *Studying the Relationship between Social Capital and Organizational Entrepreneurship in Arak Pars Wagon Co*. Thesis, Tehran University.

-
- [11] Alessandrini, M. (2002). Is Civil Society an Adequate Theory?
- [12] Arefi, M. (2003) Revisiting the Los Angeles Neighborhood Initiative (LANI): Lessons for Planners. *Journal of planning education and research*, vol.22 iss.4 pg.384
- [13] Burt, Ronald S. (2000). "The Network Structure of Social Capital," *Research in Organizational Behavior*, edited by Robert I. Sutton and Barry M. Staw, JAI Press.
- [14] Burt, Ronald S., Joseph E. Jannotta and James T. Mahoney. (1998). "Personality Correlates of Structural Holes," *Social Networks*, 20:63-87: 1998.
- [15] Burt, Ronald. (1992). *Structural Holes: The Social Structure of Competition*. Cambridge: Harvard University Press.
- [16] Baker, W. (1990). 'Market Networks and Corporate Behaviour.' *American Journal of Sociology* 96: 589 – 625.
- [17] Bafandeh Imandoust, Sadegh. (2011). "Relationship between Education and Social Capital", *International Journal of Humanities and Social Science*, Vol. 1 No. 12; September.
- [18] Belliveau, M. A, C.A III O'Reilly, and J. B Wade. (1996). 'Social Capital at the Top: Effects of Social Similarity and Status on CEO CompeKrause, D.R., Handfield, R.B. and Tyler, B.B. (2007), The relationships between supplier development, commitment, social capital accumulation and performance improvement, *Journal of Operations Management*, Vol.25(2), pp.528-545.nsatation." *Academy of Management Journal* 39: 1568 – 1593.
- [19] Bourdieu, P. (1986). 'The Forms of Capital.' Pp. 241-58 in *Handbook of theory and research for the sociology of education*, edited by John G Richardson. New York: Greenwood Press.
- [20] Bourdieu, P., and L. P. D. Wacquant. (1992). *An Invitation to Reflexive sociology*. Chicago: University of Chicago Press.
- [21] Boxman, E. A. W, P. M De Grant, and H. D Flap. (1991). 'The Impact of Social and Human Capital on the Income Attainment of Dutch Managers.'" *Social Networks* 13: 51 – 73.
- [22] Brehm, John, and W Rahn. (1997). 'Individual-Level Evidence for the Causes and Consequences of Social Capital.' *American Journal of Political Science* 41: 999 – 1023.
- [23] Bolino, Mark C, William H. Turnley & James M. Blood good. (2002)."Citizenship behavior and the creation of social capital in organizations", *Academy of management review*, Vol. 27, No. 4, pp. 505_522.
- [24] Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17: 99-120.
- [25] Bolino, M. C, William H. T & James M. B. (2002).Citizenship behavior and creation of social capital in organizations. Vol. 27, NO. 4, 505-522.
- [26] Carrie, R. Leana, Frits K. Pil. (2006). "Social Capital and Organization Performance: Evidence from Urban Public Schools", *Organization Science*, Vol.17, No.3, pp.353_366
- [27] Coleman, James S. (1990). *Foundations of social theory*. Cambridge: Harvard University Press.
- [28] Coleman, J. (1988). "Social Capital in the creation of human capital", *American Journal of Sociology*, Vol. 94, pp.95_120.
- [29] Cohen, D. and Prusak, L. (2001). *In Good Company. How social capital makes organizations work*, Boston, Ma. Harvard Business School Press.214 +xiii pages.
- [30] Cannuscio, F. (2003). *The hidden connections: Integrating the biological, cognitive, and social dimensions of life into a science of sustainability*. New York: Doubleday.
- [31] Cohesion, (2000). *Structural Holes, and the Adaptation of Social Capital*," *Organization Science*, November.
- [32] Dolfsma, Wilfred, and Charlie Dannreuther. (2003). 'Subjects and boundaries: Contesting social capital-based policies.' *Journal of Economic Issues* 37: 405-413.
- [33] Foley, Michael W, and Bob Edwards. (1997). "Escape from politics? Social theory and the social capital debate". *American Behavioral Scientist* 40: 550.
- [34] Fukuyama, Francis. (1995). "Trust: the social virtues and the creation of prosperity". London: Hamish Hamilton.
- [35] Fukuyama, F. translated by Gholam Abbas Tavassoli., 2006. Tehran: the tale of a modern pen.
- [36] Fatehi, Dehghani, A., (2004). The Effect of Social Capital on Social Identity of Students, a Case Study on Eleven State Universities in Tehran,17(2)59-92.
- [37] Field, J. (2003). "Social Capital". NY: Routledge.
- [38] Greve, Arent. (1999). "Comparing the Influence of Human Capital and Social Capital on Performance," paper presented at the Sunbelt Social Network Conference. XIX.
- [39] Granovetter, Mark S.(1995). "Getting a Job", University of Chicago Press.
- [40] Gabbay, Shaul M. (1997). "Social Capital in the Creation of Financial Capital", *Stipes*.
- [41] Gargiulo, Martin and Mario Benassi. (1998). "Trapped in Your Own Net: Network

-
- [42] Gautam Ahuja, (2000). "Collaboration Networks, Structural Holes, and Innovation: A Longitudinal Study," research Administrative Science Quarterly; Sep; 45, 3; ABI/INFORM Global pg. 425
- [43] Hansen, Morten T. (1998). "Combining Network Centrality and Related Knowledge Explaining Effective Knowledge Sharing in Multiunit Firms," Harvard Business School, 98-081.
- [44] Heidari, Hossein & Rostami, F. (2012). "Survey of Relationship between Social Capital and Organization Entrepreneurship Case Study: Agricultural Organization of Sonqhur County", Scholars Research Library, Annals of Biological Research, 2012, 3 (7).
- [45] Inglehart, R. (1997). *Modernization and post-modernization: cultural, economic and political change in 43 societies*. Princeton: Princeton University Press.
- [46] Krause, D.R., Handfield, R.B. and Tyler, B.B. (2007), The relationships between supplier development, commitment, social capital accumulation and performance improvement, *Journal of Operations Management*, Vol.25 (2), pp.528-545.
- [47] Kenneth Koput and Walter W. (2000). "Not You're Stepping Stone: Collaboration and the Dynamics of Industry Evolution in Biotechnology," Paper presented at the 2000 Organization Science Winter Conference.
- [48] Kerbs, Valid. (2008). "Social Capital - key to successful 21st Century Organization, Volume XII, Number 5 • IHRIM Journal antecedent, "bonding".
- [49] Knoke, D. (1999). 'Organizational networks and corporate social capital.' Pp. 17 – 42 in *Corporate Social Capital and Liability*, edited by S. M. Gabbay. Boston.
- [50] Kluwer. Krause D.R, & R.B. Hand field, & B.B, Tyler. (2007). "The relationships between supplier development, commitment, social capital accumulation and performance improvement", *Journal of Operations Management*, Vol. 25, pp. 528_545.
- [51] Luhmann, N. (1988). "Familiarity, confidence, trust: problems and alternative". In Gambetta, D.(Ed). *Trust: Making and Breaking Cooperative Relations*. Oxford, Blackwell.
- [52] Loury, G. (1992). "The economics of discrimination: Getting to the core of the problem". *Harvard Journal for African American Public Policy* 1: 91 – 110.
- [53] Leana, C.R & H.J. Van Buren. (1999). "Organizational Social capital and Employment Practices", *Academy of Management Review*, Vol. 24, No.3, pp. 538_555.
- [54] Lock Lee, Laurence.(2005). "Schemes and Tools for Social Capital Measurement as a proxy for Intellectual Capital Measures".
- [55] Lin, Sh.andY.Mei Huang. (2005). "The Role of Social Capital in the Relationship between Human Capital and Career Mobility".*J. Intellectual Capital*, 6(2): 1901-205.
- [56] Mizruchi, Mark S. andLinda B. Stearns. (2000). "Strategic Social Capital and Deal Making in a Large Commercial Bank," presented @ the Sunbelt Social Network Conference. XX, April 2000.
- [57] Mat Isa, Rosmah, Ameer, Rashid. (2007). "Hedge fund performance and managerial social capital", *The Journal of Risk Finance*, (2007), Vol. 8, No. 3, pp. 246_259.
- [58] Nahapiet, J. and Ghoshal, S., (1998), "Social capital, intellectual capital and organizational advantage", *The Academy of Management Review*, Vol. 23, No. 2, pp. 242-266.
- [59] Namazi, B., 2000. "Iranian NGOs: Situation Analysis". Hamyaran Center, Teheran.
- [60] Portes, Alejandro. (1998). "Social capital: its origins and applications in modern sociology." *Annual Review of Sociology* 24: 1-25.
- [61] Portes, Alejandro, and Julia Sensenbrenner. (1993). "Embeddedness and immigration: Notes on the social determinants of economic action." *American Journal of Sociology* 98: 1320 – 1350.
- [62] Portes, A. (1998). "Its origin send application in modern sociology", *Annual Review of sociology*, (1998), Vol. 24, pp. 1_24.
- [63] Pennar, K. (1997). "The tie that leads to prosperity: The economic value of social bonds is only beginning to be measured." *Business Weekly*: 153 – 155.
- [64] Pastoriza, D.; Arino, M.A. and Ricart, J.E. (2009). "Creating an ethical work context: A pathway to generate social capital in a firm", *Journal of Business ethics*, No. 88, pp. 477-489.
- [65] Putnam, R. (2000). "The prosperous community: social capital and public life". *The American prospect*. 4 (13), 35-42.
- [66] Putnam, Robert D. (1995). "Bowling alone: America's declining social capital." *Journal of Democracy* 6: 65-78.
- [67] Reagans, R., Zuckerman, E.W.(1999). *Networks, diversity and Performance: the Social Capital of Corporate R&D Units*, Carnegie Mellon, University, Unpublished Paper.
- [68] Robison, Linton J., A. Allan Schmid, and Marcelo E. Siles. (2002). "Is social capital really capital?" *Review of Social Economy* 60: 1-24.
- [69] Rahmanseresht, Hosayn. (2007). "Organization Theory of Modernism to Post Modernism", Doran publication, vol.2, pp. 267_268
-

- [70] Rahmanipour, L. *Journal of Management Development*, 2003, No. 19.
- [71] Rohde, Markus. "Supporting an Electronic Community of Practice of Iranian Civil Society Organizations", International Institute for Socio-Informatics (IISI), Dorotheenstr. 76, D-53111 Bonn, Germany, markus.rohde@iisi.de, <http://www.iisi.de>
- [72] Rosenthal, Elizabeth. A. (1996). "Social Networks and Team Performance," Ph.D. dissertation, University of Chicago.
- [73] Lofstrom, Shawn M. (2000). "Absorbive Capacity in Strategic Alliances: Investigating the Effects of Individuals, Social and Human Capital on Inter-firm Learning", Paper presented at the Organization Science Winter Conference. Denver, CO, February.
- [74] Stuart, Toby E. and Joel Podolny. (1999). "Positional Causes and Correlates of Strategic Alliances in the Semiconductor Industry," *Research in the Sociology of Organizations*, edited by Steven Andrews and David Knoke, JAI Press.
- [75] SCIG. (2000). "Short papers from the April, 1998 Social Capital Conference at Michigan State University." *The Journal of Socio-Economics* 29: 579.
- [76] Schiff, M. (1992). "Social capital, labour mobility, and welfare: The impact of uniting states". *Rationality and Society* 4.
- [77] Timberlake, S., (2005), "Social capital and gender in workplace", *Journal of Management Development*, Vol. 24, No. 1, pp 34-44.
- [78] Tymon, W.G. & S.A .Stumpf. (2003). *Social Capital in the success of Knowledge workers*. Career Development Turner International, pp.: 12-20.
- [79] Thomas, C. Y. 1996. "Capital markets, financial markets and social capital". *Social and Economic Studies* 45: 1 – 23.
- [80] Vilanova & Josa. (2003). Department of Industrial Engineering & Management, Tampere University of Technology.
- [81] Veismoradi, A. & Akbari.P. & Rostami. R. (2012). "A study on the effect of social capital on learning organization: A case study of Jihad Agriculture Organization of Kermanshah, Iran". *Management Science Letters* 2 (2012) 2909–2916.
- [82] Watson, George w. & Papa Marcos, Steven D. (2002). "Social Capital and Organizational Commitment", *Journal of Business and Psychology*, Vol. 16, No. 4, pp. 537_552.
- [83] Woolcok, M. (1998). "Social Capital and Economic Development: Toward a Theoretical Synthesis and Policy Framework", *Theory and Society*, Vol. 27, NO. 2.
- [84] Zarea, Hamid. (2012). "Organizational Citizenship Behaviors and Their Relationship to Social Capital in Public Organizations of Qom Province", *Iranian Journal of Management Studies (IJMS)*, Vol.5, No.1, January, PP: 79-96.