Analysis of Relationship among Social Capital, Organizational Justice and Performance with Structural Equation Model: The Case of Banking Sector

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Abstract
Drawing on the social exchange theory, this study aims to analyze the relationship among social capital, organizational justice and organizational performance within the banking sector by using structural equation modeling (SEM). A self-administered questionnaire was used to collect data on study constructs and demographics. The questionnaire was delivered to government, and private and interest-free banking employees in the southern region of Turkey. A total of 645 completed questionnaires were used for analysis. The results of analysis revealed that three dimensional social capital positively influences organizational performance. The study also found that organizational justice has a mediating effect between social capital and organizational performance. Lastly, the findings indicated that private, public and interest-free bank differs from each other in terms of social capital, organizational justice and organizational performance.

Key Word: Structural Equation Model, Social Capital, Organizational Justice, Performance, Banking Sector.

Introduction
The new era of globalization and computerization in organizations has totally changed workplace conditions and job settings. These changes have directly influenced both individual and organizational performance. Consequently, performance evaluation and determining its antecedents and consequences is an important gap to fill in research. Nevertheless, there has been a bulk of research on the determinants of organizational performance and the latter’s relationship with organizational justice and organizational social capital. However, there is no consensus on the main determinants of performance in organizations. This study develops multiple group analysis to determine the extent to which organizational social capital and organizational justice influence the perceived organizational performance among bank employees in
Turkey. Moreover, this study examines the difference between the performance and organizational performance perception among public, private and free interest bank employees. In addition, the aim was also to determine whether organizational justice has a mediating effect between organizational social capital and organizational performance.

**Research Question**

Consequently, the present study sought to answer this question: is there any relationship in the banking system in terms of social capital, organizational justice, and performance?

In Turkey, three different types of organizations exist in the banking sector. These are interest-free banks, which operate—according to Islamic rules—on the basis of interest-free rules, and conventional banks, including private banks and government banks. Working conditions, employee and customer profiles, and organizational targets usually differ among the types of banks. Government banks have higher numbers of personnel and branches. Both employee security and customer funds are under governmental guarantee, whereas private banks and interest-free banks do not have these advantages. Probably due to these advantages, employees of government banks are thought to work in less competitive conditions than employees of both private banks and interest-free banks. Interest-free banks may differ from private banks in regard to customer and employee profiles (Bez and Emhan, 2011).

**Literature Review**

**Organizational Social Capital**

In the last decade, the theory of social capital has become popular in a wide range of disciplines, such as sociology, political science, criminology and management (Baker, 1990; Adler and Kwon, 2002; Akcomak and Weel, 2008; Sahin, 2008; Bakiev and Kapucu, 2012). Despite the increased interest in this concept, there is no consensus on its definition, which is covered with regard to different aspects, dimensions and meanings in the literature. Some scholars state that social capital has three separate dimensions that form internal and external ties among actors (bonding, bridging and linking) (Adler and Kwon, 2002; Lin, 2001; Putnam, 2000). On the other hand, Akcomak and Weel (2008) define social capital as a function of participation in civic life, explained by voluntary donations to charity, high voter turnout and participative community decision-making. Cohen and Prusak (2001) define social capital as a capital that consists of the stock of dynamic ties, such as trust and mutual understanding that makes productive cooperation by sharing values and behaviors connecting people with each other. Nahapiet and Goshal (1998) claim that social capital is the sum of resources embedded within, available through and derived from the network of relationships possessed by individuals or social groups.

One of the most influential names in social capital is Robert Putnam (2001) and he defines it as networks and related norms of reciprocity that have value. Putnam (2001) states that social capital is not homogenous and has various dimensions that are expressed as formal and informal (i.e., labor union and gathering at the bar) and multiplex or interconnected (i.e., steelworkers go bowling every Saturday). Putnam (2001) claims that social networks have value and provide a form of belongingness for people who are in these networks, which illustrate both public and private aspects of social capital. On the other hand, Burt (2000) sees social capital as a contextual complement of human capital and an asset within the exchange structure formed by the mutual trust, obligations and attachment of people and groups. There is also a group of scholars such as, Baker (1990), Nahapiet and Goshal (1998), and Leana and Van Buren (1999) who focus on organizational social capital.

Leana and Van Buren (1999) say that organizational social capital is a substitute for leadership in organizations and perceive it as an investment that benefits both the organization and its employees. Moreover, in many different fields, the consequence of social capital was related with performance
improvements, cost savings, and product quality enhancements (Leana and Van Buren, 1999; Bolino et al., 2002; Leana and Pil, 2006). For instance, Leana and Van Buren (1999) state that social capital with collective character and reliance on trust should facilitate the high performance practices. Moreover, Waterson and Papamarcos (2002) illustrate the communication nature of social capital and state that reliable communication and employee focus significantly influence the level of organizational performance. On the other hand, Cohen and Prusak (2001) claim that shared understanding and equal participation in joint activities are the most important characteristics and indicators of social capital in organizations.

Nahapiet and Ghoshal (1998) examined the role of social capital in developing an intellectual capital in organizations. The authors aggregate social capital in three distinct dimensions (structural, relational and cognitive). Later, Sahin (2010), in his dissertation, used Nahapiet and Ghoshal’s (1998) multidimensional model to examine the relationship of organizational social capital and public organization performance. Moreover, Leana and Pil (2006) approach social capital as internal and external, where internal social capital is determined by the structure and content of relationships among actors within organizations, while external social capital explains the access of information from external sources (Burt, 2000). Three facets specify the internal social capital: structural, relational and cognitive (Leana and Pil, 2006).

The network ties and network configuration that provide access to resources determine structural social capital (Nahapiet and Ghoshal, 1998). Leana and Pil (2006) define the structural social capital as connections between actors where each of them share information. Based on definitions above it is safe to claim that information gained during the exchange process developed by the structural social capital is a strong performance enhancer. The other facet of internal social capital is relational social capital which is a personal relationship among actors developed throughout the history of their interactions (Leana and Pil, 2006). The dimensions of this facet of social capital are: trust, norms, obligations and identification (Nahapiet and Ghoshal, 1998; Leana Van Buren, 1999). The information exchange among trusted individuals allow transmitting of more and more valuable information with less fear of opportunistic behavior from each party (Leana and Pil, 2006). The third face of the internal social capital is cognitive social capital which determines individuals’ interaction as a collective move to set common goals and shared vision (Nahapiet and Goshal, 1998; Leana and Van Buren, 1999; Leana and Pil, 2006, Sahin, 2010). The goals set by the collective move can be perceived as formal contracts, incentives and monitoring systems that can be a good tool to diminish organizational loafing (Leana and Pil, 2006).

Social capital provides the following advantages to organizations: increases coordination and knowledge; information is shared with all the organization’s departments; and as a result of coordination and effective distribution of information, easy innovation and reduction of costs are achieved (Ogut and Erbil 2009). Considering the facts above, it is safe to claim that social capital comprised by its tri-dimensional model develops a positive climate in organizations for knowledge exchange, motivation and trust.

As mentioned above, this study proposes organizational justice as a mediating factor between organizational social capital and organizational performance. For instance, Greenberg (1993) in his piece examines the social aspect of organizational justice where he claims that interpersonal justice is an intermediary between procedures and outcome distributions. Moreover, Colquitt, et al. (2001) claim that one type of interactional justice is informational justice, which sees interactional justice as information capital regulating fair interactions within organizations. Despite the fact that interpersonal and informational justice were not as highly correlated as distributive justice to organizational outcomes, it is fair enough to claim that organizational justice has a mediating affect among organizational social capital and organizational performance.

Organizational Justice

First of all, the perception of justice within the organizations is a really important determinant of organizational performance. Besides, any form of justice in organizations is valued because it provides information needed to navigate uncertain work situations (Judge and Colquitt, 2004). For instance, many
authors argue that procedural justice is important because it makes long-term outcomes more controllable and predictable (Judge and Colquitt, 2004; Cropanzano et al., 2007). Greenberg (1990) claims that organizational justice is a basic requirement for the effective functioning of organizations and the personal satisfaction of employees. However, this study focuses on the mediating role of organizational justice between social capital and organizational performance and will contribute to the literature by determining the role of organizational social capital in enhancing organizational performance.

Robbins and Judge (2012) state that one key element of organizational justice is perception of justice (p. 108). So, it is safe to claim that the understanding of justice is subjective; where one person sees one process or behavior as unfair, another person may see it as just. In the early 90’s, there was an increased focus on two main types of justice perceptions: procedural justice and distributive justice (Greenberg, 1990). However, a decade later Colquitt, et al. (2001) discovered more dimensions of organizational justice, where they examined the influence of four dimensions of organizational justice (distributive justice, procedural justice, interpersonal justice, and informational justice) on work-family conflict. Recently, there was an addition to the research on organizational justice: interactional justice, which explains the individual perception of the degree to which he/she is treated with dignity, concern and respect (Robbins and Judge, 2012). The statements above illustrate the progressing nature of the term ‘organizational justice’.

Robbins and Judge (2012) identify several types of organizational justice where, based on referent comparisons (self-inside, self-outside, other-inside and other-outside), employees compare themselves to friends, neighbors, co-workers, or colleagues in other organizations. Some scholars claim that gender, tenure, level in the organization and educational level have a great influence on the perception of organizational justice (Walster et al., 1987; Greenberg, 1989). Many scholars emphasize the influence of organizational justice on citizenship behavior, job satisfaction and employee satisfaction (Greenberg, 1990; Cropanzano et al., 2007; Robbins and Judge, 2012).

Organizational Performance

Organizational performance has been an important output of all organizational activities. Moreover, organizational performance has become an important factor of empirical research in business policy (Dess and Robinson, 1984). In the last decade, it has been possible to see many attempts of organizations and firms to develop alternatives for production and service delivery. For instance, managers in the public sector started thinking how to restructure bureaucratic agencies, redefine organizational missions, streamline agency processes, and decentralize decision-making (Denhardt and Denhardt, 2000, p. 550). However, the main problem of organizational performance is goal ambiguity and measurement deficiencies (March and Sutton, 1997; Chun and Rainey, 2005). These issues led to a variety of definitions for organizational performance and difficulty in developing standard for measuring it.

Performance measurement can help businesses and organizations in establishing organizational efficiency. Nevertheless, because of the goal differences of organizations, firms and corporations, there is no consensus in the performance measurement indicators and so far, scholars use per service indicators, recovery rate, mortality rate, arrest rate, rewards system, cost-benefit analysis and cost-effectiveness analysis (Grabosky, 1988; March and Sutton, 1997; Wang, 2000; Robbins and Judge, 2012) to measure organizational performance.

For instance, Grabosky (1988) states that cost-benefit analysis determines if any activity has a laudable use of resources where the monetary costs are compared with monetary consequences. On the other hand, cost-effectiveness analysis describes how goals in organizations can be achieved at minimum cost (Grabosky, 1988). Consequently, based on the abovementioned, it is safe to claim that organizational performance does not solely depend on monetary factors. The most important deficiency of organizational performance is its openness to manipulations and dependence of performance measurement to organizational politics within the political environment.
Research Hypotheses

This study aims to research the possible relationship between tri-dimensional social capital (structural, relational and cognitive) and performance mediated by organizational justice. The literature exhibits strong evidence on the positive influence of intellectual capital on organizations’ performance and productivity (Nahapiet and Ghoshal, 1998; Leana and Pil, 2006). Consequently, this study utilizes the tri-dimensional social capital proposed by Nahapiet and Ghoshal (1998) to examine its relationship to organizational performance. This study hypothesizes that structural, relational and cognitive social capital positively influences organizational performance.

There is also evidence on the positive correlation of organizational justice and job performance in organizations (Colquitt et al., 2001; Cropanzano et al., 2007). Based on the evidence above, this study hypothesizes that organizational justice has a mediating role between organizational social capital and organizational performance.

Following hypotheses were proposed to be tested:

H₁: Relational social capital is positively associated with organizational performance
H₂: Cognitive social capital is positively associated with organizational performance
H₃: Structural social capital is positively associated with organizational performance
H₄: Organizational justice is positively associated with organizational performance
H₅: Social capital, organizational justice, and organizational performance levels of employees of public, private and interest-free banks differ from each other
H₆: Organizational justice mediates the relationship between social capital and organizational performance

Methodology

Study Design and Sample

The research was conducted on three types of banking organizations, which are public, private and interest-free banks located in four cities in the south of Turkey (Diyarbakir, Batman, Siirt and Mardin). Amongst the banks operating in the city centers, the chosen banks were selected by lot. Approximately 1000 questionnaires were delivered stratified randomly according to their number of personnel. Some of the banks that were visited allowed random distribution of the forms to their employees, while others requested that the forms be left at the information desk, after which the banks took responsibility of randomly distributing the surveys to their employees. A few days after delivery, all the participants were re-visited so that the forms could be collected. In this second visit, a total of 661 survey forms were collected and 16 surveys were excluded from the analysis due to missing data. Thus, exactly 645 complete forms were evaluated for further analysis. All data was collected in 2012.

The survey instrument

The survey instrument consisted of questions derived from the literature. There were 15 questions on social capital, 6 questions on organizational justice and 6 questions on organizational performance. There was also a demographic information section in the instrument.

Demographic Information: Information about the demographic characteristics of the participants was collected, covering their age, gender, education level, marital status, tenure, sector, and positions.

Social Capital Scale: Nahapiet and Ghoshal (1998) specify three dimensions of social capital: first, the structural dimension concerns the extent to which individuals within an organization are connected with each other; second, the relational dimension involves the quality of the connections between individuals
within an organization; and, finally, the cognitive dimension focuses on whether individuals share a common language, interpretation, or understanding.

Relational Social Capital: Five items (respect, integrity, expect truth, trust, and live up to word).

Cognitive Social Capital: Five items (shared language, communicate, shared interpret, motive percept, and shared vision).

Structural Social Capital: Five items (teamwork, informal, socializing, interaction and exchange).

The scale developed by Nahapiet and Ghoshal (1998) has been used in numerous studies and these scholars have confirmed its validity and reliability as a measure of relational social capital, cognitive social capital and structural social capital: Relational social capital, cognitive social capital and structural social capital were each measured using 5 questions. This scale was adapted to the Turkish language by Sahin (2010). A five-point Likert scale was used for each of the 15 questions, scored from 1 to 5 where the number (1) means Strongly disagree, (2) Disagree, (3) Not sure, (4) Agree, and (5) Strongly agree. The five-point Likert scale was again used for all these questions. The Cronbach’s alpha score for Relational Social Capital is 0.86, 0.85 for Cognitive Social Capital, and 0.86 for Structural Social Capital. Skewness and Kurtosis scores are between -1 and +1, which indicate that it has a normal distribution.

Organizational Performance Scale: The scale was adapted by Bakiev (2011) from Nyhan (2000) and Sahin (2010). This scale was adapted to Turkish. A five-point Likert scale was used for each of the 6 questions, scored from 1 to 5 where the number (1) means Strongly disagree, (2) Disagree, (3) Not sure, (4) Agree, and (5) Strongly agree. The five-point Likert scale was again used for all these questions. The Cronbach’s alpha score is 0.81. Skewness and Kurtosis scores are between -1 and +1, which indicate that it has a normal distribution.

Organizational Justice Scale: The scale was developed by Niehoff and Moorman (1993) and was measured using 6 questions. This scale was adapted to Turkish. A five-point Likert scale was used for each of the 6 questions, scored from 1 to 5 where the number (1) means Strongly disagree, (2) Disagree, (3) Not sure, (4) Agree, and (5) Strongly agree. The five-point Likert scale was again used for all these questions. The Cronbach’s alpha score is 0.88. Skewness and Kurtosis scores are between -1 and +1, which indicate that it has a normal distribution.

Analysis

The SPSS 18.0 software was used to evaluate the data. The Structural Equation Model (SEM) by means of the AMOS 18.0 software program was used to analyze the data. SEM is a powerful multivariate analysis technique, utilized to investigate the relationship between exogenous, mediating, and endogenous latent variables and control variables. By means of SEM, the theoretically informed model that is proposed based on the literature is validated (Wan, 2002) The AMOS (Analysis of Moment Structures) software produces goodness-of-fit statistics to assess whether the measurement models and the structural models fit the data.

Moreover, SEM is a sophisticated tool that allows analysis of the structural relations among several variables at the same time by taking into account the measurement errors. The literature suggests that various goodness-of-fit indices can be used for Structural Equation Modeling (Byrne, 2010, Kline, 2011). There is no consensus on which indices should be used in a model. However, it is recommended that several parameters need to be used to assess model fit. In this context, at least one parameter from each of the three-compatibility test set should be used at the same time (Garson, 2009). The following indices are the most commonly used goodness-of-fit statistics in related literature: χ2-p, χ2/df, RMSEA-PCLOSE, TLI-CFI values and HOLTER Index value (Uryan, 2010: 70-73; Kula, 2011: 65-74). The significance level for acceptance was set as p≤0.05.
Findings

Descriptive Statistics

The distribution of the respondents over the demographic variables is presented in Table 1. 645 employees participated in the survey. The rate of respondents from public banks is 33% (212), from private banks, 37% (239) and from interest-free banks, 30% (194). It is notable that there are higher proportions of men in the interest-free sector compared with the other two sectors; and that among respondents in the public sector, a higher percentage of survey participants are younger than those in the other two sectors. The majority of all three sector employees have a university degree.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Government Bank</th>
<th>Private Bank</th>
<th>Interest-free Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (%)</td>
<td>Frequency (%)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td></td>
<td>n=212</td>
<td>n=239</td>
<td>n=194</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>117 (55,2)</td>
<td>119 (49,8)</td>
<td>134 (69,1)</td>
</tr>
<tr>
<td>Female</td>
<td>95 (44,8)</td>
<td>120 (50,2)</td>
<td>60 (30,9)</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-30</td>
<td>128 (60,4)</td>
<td>96 (40,2)</td>
<td>97 (50)</td>
</tr>
<tr>
<td>31-40</td>
<td>52 (24,5)</td>
<td>97 (40,6)</td>
<td>73 (37,6)</td>
</tr>
<tr>
<td>41-50</td>
<td>21 (9,9)</td>
<td>44 (18,4)</td>
<td>14 (7,2)</td>
</tr>
<tr>
<td>51+</td>
<td>11 (5,2)</td>
<td>2 (0,8)</td>
<td>10 (5,2)</td>
</tr>
<tr>
<td>Marital status</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>124 (58,5)</td>
<td>146 (61,1)</td>
<td>121 (62,4)</td>
</tr>
<tr>
<td>Single</td>
<td>88 (41,5)</td>
<td>93 (38,9)</td>
<td>73 (37,6)</td>
</tr>
<tr>
<td>Education level</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prim./secondary</td>
<td>7 (3,3)</td>
<td>9 (3,8)</td>
<td>-</td>
</tr>
<tr>
<td>High school</td>
<td>39 (18,5)</td>
<td>35 (14,6)</td>
<td>15 (7,7)</td>
</tr>
<tr>
<td>University</td>
<td>147 (69,3)</td>
<td>187 (78,2)</td>
<td>171 (88,1)</td>
</tr>
<tr>
<td>Graduate</td>
<td>19 (9)</td>
<td>8 (3,3)</td>
<td>8 (4,1)</td>
</tr>
<tr>
<td>Position</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Officer</td>
<td>143 (67,5)</td>
<td>123 (51,5)</td>
<td>98 (50,5)</td>
</tr>
<tr>
<td>Expert</td>
<td>24 (11,3)</td>
<td>55 (23)</td>
<td>39 (20,1)</td>
</tr>
<tr>
<td>Dept. chief</td>
<td>34 (16)</td>
<td>44 (18,4)</td>
<td>34 (17,5)</td>
</tr>
<tr>
<td>Director/deputy</td>
<td>11 (5,2)</td>
<td>17 (7,1)</td>
<td>23 (11,9)</td>
</tr>
<tr>
<td>Tenure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-5</td>
<td>118 (55,7)</td>
<td>93 (38,9)</td>
<td>92 (47,4)</td>
</tr>
<tr>
<td>6-10</td>
<td>45 (21,2)</td>
<td>68 (28,5)</td>
<td>64 (33)</td>
</tr>
<tr>
<td>11-15</td>
<td>22 (10,4)</td>
<td>34 (14,2)</td>
<td>26 (13,4)</td>
</tr>
<tr>
<td>16-20</td>
<td>15 (7,1)</td>
<td>15 (6,3)</td>
<td>5 (2,6)</td>
</tr>
<tr>
<td>21+</td>
<td>12 (5,7)</td>
<td>29 (12,1)</td>
<td>7 (3,7)</td>
</tr>
</tbody>
</table>

The Results of Structural Equation Model (SEM)

SEM was used to explore the relationships among the latent constructs, including social capital, organizational justice, and organizational performance after validating each of these latent constructs.
through confirmatory factor analysis (CFA). Five control variables: education, age, gender, marital status, and tenure were added to the generic model to test the effects of these variables on the endogenous latent variables, since they might account for the variation. After running the structural model, the generic model was revised since it did not fit the data well. The revised structural equation model is presented in Figure 2.

Figure 2: The Revised Structural Equation Model of the Study

The goodness of fit values of generic and revised models are demonstrated in the Table 2:

Table 2: Goodness of Fit Statistics of Generic and Revised Models

<table>
<thead>
<tr>
<th>Index</th>
<th>Criteria</th>
<th>Generic Model</th>
<th>Revised Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-square ($\chi^2$)</td>
<td>Low</td>
<td>1742</td>
<td>983</td>
</tr>
<tr>
<td>Chi-square associated p value (p)</td>
<td>$\geq .05$</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Chi-square / Degree of Freedom ($\chi^2$/df)</td>
<td>$\leq 4$</td>
<td>3.96</td>
<td>3.27</td>
</tr>
<tr>
<td>Root Mean Square Error of Approximation (RMSEA)</td>
<td>$.05 &lt; value $\leq .08$; acceptable $\leq .05$; good</td>
<td>0.68</td>
<td>0.59</td>
</tr>
<tr>
<td>RMSEA associated p value (PCLOSE)</td>
<td>$\geq .05$</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Tucker-Lewis Index (TLI)</td>
<td>$.90 \leq value &lt; .95$; acceptable $\geq .95$; good</td>
<td>0.85</td>
<td>0.914</td>
</tr>
<tr>
<td>Comparative Fit Index (CFI)</td>
<td>$.90 \leq value &lt; .95$; acceptable $\geq .95$; good</td>
<td>0.86</td>
<td>0.927</td>
</tr>
<tr>
<td>Hoelter's Critical N (Hoelter Index)</td>
<td>$75 \leq value &lt; 200$; acceptable $\geq 200$; good</td>
<td>182</td>
<td>224</td>
</tr>
</tbody>
</table>
The revised structural equation model reveals that except for the regression coefficients between the latent constructs of cognitive social capital and organizational performance, and between relational social capital and organizational justice, all regression coefficients between latent constructs are also significant at $p \leq .05$. None of the control variables were found to be statistically significant either with organizational performance or organizational justice. Therefore, based on the study findings, hypotheses 1, 3, 4 were supported and hypothesis 2 was not supported.

As for the hypothesis 5 which asserts whether organizational justice mediates the relationship between social capital and organizational performance, two mandatory conditions are required for mediation effect to be existed in the model (Baron and Kenny 1986). First of all, the relationship between the exogenous and the mediating variable and the mediating variable and the endogenous variable should be significantly related. Secondly, the relationship between the exogenous and the endogenous variables should be decreased when the mediating variable is inserted in the model.

At the first stage, the effect of structural social capital on organizational justice was investigated. The results of the analysis indicated that except for the relational social capital, other two components of social capital have a significant association with organizational justice. This means that organizational justice does not mediate the relationship between the relational social capital and organizational performance.

At the second stage, in order the mediation effect to be occurred, the relationship between the exogenous and the endogenous variables should be diminished when the mediating variable is inserted in the model. The relationship between the cognitive and structural social capital and organizational performance is diminished when the mediating variable, organizational justice is inserted in the model.

<table>
<thead>
<tr>
<th>HYPOTHESES</th>
<th>RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁ Relational social capital is positively associated with organizational performance.</td>
<td>SUPPORTED</td>
</tr>
<tr>
<td>H₂ Cognitive social capital is positively associated with organizational performance.</td>
<td>NOT SUPPORTED</td>
</tr>
<tr>
<td>H₃ Structural social capital is positively associated with organizational performance.</td>
<td>SUPPORTED</td>
</tr>
<tr>
<td>H₄ Organizational justice is positively associated with organizational performance.</td>
<td>SUPPORTED</td>
</tr>
<tr>
<td>H₅ Social capital, organizational justice, and organizational performance levels of employees of public, private and interest-free banks differ from each other</td>
<td>PARTIALLY SUPPORTED</td>
</tr>
<tr>
<td>H₆ Organizational justice mediates the relationship between social capital and organizational performance.</td>
<td></td>
</tr>
<tr>
<td>H₆.₁ Organizational justice mediates the relationship between relational social capital and organizational performance.</td>
<td>NOT SUPPORTED</td>
</tr>
<tr>
<td>H₆.₂ Organizational justice mediates the relationship between cognitive social capital and organizational performance.</td>
<td>SUPPORTED (FULLY MEDIATED)</td>
</tr>
<tr>
<td>H₆.₃ Organizational justice mediates the relationship between structural social capital and organizational performance.</td>
<td>SUPPORTED (PARTIALLY MEDIATED)</td>
</tr>
</tbody>
</table>

Finally, the analysis revealed that since cognitive social capital is not significantly associated with organizational performance, organizational justice fully mediates the relationship between the cognitive social capital and organizational performance. Organizational justice partially mediates the relationship between structural social capital and organizational performance since the relationship between structural social capital and organizational performance is significant at $p \leq .05$. 

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As a result, three components of social capital explain 27% of the change (variance) on organizational justice. In addition, a 52% variance of organizational performance explained by three components of social capital along with organizational justice variable. The hypothesis testing results are displayed in Table 3 above.

The Results of ANOVA

In order to examine whether there is difference between organizational social capital, organizational justice, and organizational performance in terms of their working sector (Government, private, and interest-free banks) and working positions.

The structural social capital level of those working for private banks are lower than their counterparts working for both government and interest-free banks (F: 9, 30, p<0.001).

The cognitive social capital level of those working for interest-free banks are greater than their counterparts working for both government and private banks (F: 3, 68, p<0.05).

The findings of the study reveals that organizational justice scores of employees working in government banks lesser than those working in interest-free and private banks (F:7, 65, p<0.001).

Another important finding of the study is that private bank employees’ performance is greater than that of other two sector counterparts (F: 5, 82, p<0.005).

In terms of employees’ positions, managers have much more relational, cognitive, and structural social capital compared to experts and officers (F: 5,81, p<0.005; F: 5,88, p<0.005; F:2,84, p<0.05). Managers also have much more performance compared to experts and officers F: 6,79, p<0.001).

Discussion

The findings of the analysis revealed that the first hypothesis was supported by indicating a positive and statistically significant effect of relational social capital on organizational performance. Workers in the banking sector who perceive a higher relational social capital have higher levels of perceived organizational performance. Relational social capital refers to the normative quality of associations among employees. One of the most essential norms of relational social capital is interpersonal trust. Since trust has a predominant role, the impact of trust must be taken into account in the discussion of relational social capital and the organizational performance relationship.

Trusted employees are expected to work in coordination and, as a result, they are more likely to achieve the desired level of organizational performance. Trust among members of an organization fosters the belief that they all pursue the same goals and share information for this purpose. This characteristic brings information sharing, supports coworkers and coordinates efforts which in turn result in organizational effectiveness and performance. Otherwise, in an organizational climate where employees distrust each other and relations are problematic, organizational performance is expected to be lower. Leana and Pil (2006) argue that workers who do not trust each other are likely to behave opportunistically and pursue their self-interest. The findings indicated that the theoretical argument that the relational aspect of social capital has a positive impact on organizational performance is also valid in the banking sector where trust is one of the most important characteristics. Results of the current study which are consistent with previous empirical research revealed that the effect of relational social capital on organizational performance is extendable to the banking sector.

The second hypothesis of the study, relating to the effect of cognitive social capital on organizational performance, was not supported. The results of the SEM analysis indicate that there is no statistically
significant effect of cognitive social capital on organizational performance. The cognitive facet of social capital, which refers to setting common goals and sharing vision and mission, does not affect the organizational performance of bankers from all three sectors. This finding is contradictory with theoretical arguments of social capital theory and general suggestions in the literature. Common understanding will facilitate knowledge transfer and improve organizational performance. Shared vision and mission lead to pursuit of organizational goals, reduction in organizational loafing and finally, improved performance.

The results of the study are also contradictory with the empirical studies that found a positive relationship between performance and cognitive social capital (Sahin, 2010). On the other hand, this finding is consistent with Andrews’ (2007) study, which reported there is no significant association between the two constructs. This result is attributed to the possible nonlinear effect of cognitive social capital on organizational performance. This explanation might also be valid for the current study. However, since our data is not adequate to test this alternative explanation, the issue calls for future research on possible nonlinear impact of the construct.

The study hypothesized a positive effect of structural social capital on organizational performance. Findings of the study revealed that a positive and statistically significant relationship exists between the two constructs indicating that the bankers with higher structural social capital perceive a higher organizational performance. The structural aspect of the social capital refers to formal and informal interactions among employees. Literature suggests that structural social capital improves the quality of tasks performed by employees and increases innovative performance. (Moran, 2005; Morrison, 2002; Thompson, 2005). Sahin’s (2010) study was conducted in drug enforcement units in Turkey and the author could not detect any significant direct effect of structural social capital on organizational performance. This result is attributed to the strict hierarchical structure of the law enforcement agency and the gap between ranked and unranked officers. However, less hierarchical—both formal and informal—relations and frequency of these relations are encouraged among bankers, and this contributes to organizational performance. It also argued that these kinds of less hierarchical and more frequent relations are widespread in Western culture where theoretical assumptions are made. Since the banking sector in Turkey is also adapted from Western countries, it is not unexpected that less hierarchical relations among bank employees reveal frequent formal and informal relations. The analysis indicated that less power distance and frequent relations among bank workers increase organizational performance. It is safe to argue, based on the findings, that the theoretical assumption of social capital theory is cross-culturally valid.

One of the purposes of this study was to test whether organizational justice mediates the relationship between social capital and organizational performance. The results revealed that organizational justice mediated the relationship between two of three dimensions social capital and organizational performance. Organizational justice mediates partially the relationship between structural social capital and organizational performance. Organizational justice may influence how organizational performance is affected by structural social capital. In other words, structural social capital influences organizational performance through organizational justice. Thus, to enhance organizational performance, leaders of organizations should ensure their policies and practices strengthen employees’ organizational justice perceptions. Organizational justice mediates fully the relationship between cognitive social capital and organizational performance. That is, organizational performance is influenced by cognitive social capital through organizational justice. Perceptions of organizational justice become vitally important while setting common goals and shared vision in an organization by interaction among members of organization to increase organizational performance. The relationship between third dimension of social capital (relational) and organizational capital was not mediated by organizational justice. The relational facet of social capital that refers mostly to trust between parties in an organization seems to be not affected by justice perceptions of employees. That is the impact of relational social capital is direct on organizational performance. These initial findings direct future researchers to new paths for studying the mediating role of organizational justice when the three dimensional social capital and organizational performance relationship is investigated.

Emhan, Bakiev, Taşdöven & Kula (2014)
The study also revealed that structural and cognitive social capital levels, organizational justice and organizational performance levels differ depending on the banking sector. Employees working for interest-free banks reported higher level of cognitive social capital than their counterparts working for both government and private banks. Interest free banks are third sector organizations that are different from public and private sectors. Informal relations among employees of this sector are more likely to be higher than those of their counterparts. Greater cognitive social capital is attributable to the fact that interactions among employees toward common goals and shared vision.

Conclusion

The study found that structural social capital that refers to formal information sharing structure among employees is lower among private bank employees. Private banks are profit-driven organizations with formal structures. Therefore, his finding is contrary to expected results. Future research needs to address this issue in detail.

As expected the study revealed that private bank employees’ performance is greater than that of other two sector counterparts. Broad literature compare public and private sector performance reports that marketization and lower regulation leads to deliver better outcomes (Rainey, Backoff, and Levine, 1976; Andrews, Boyne, and Walker, 2011). Therefore, private organizations perform higher in terms of efficiency and effectiveness. The findings indicating higher organizational performance of private banks is not surprising. On the other hand, the study revealed that private banks do better than third sector banks also. This needs to be accepted as the contribution of this study to limited research area.

Employees working in governmental banks reported lower levels of organizational justice. This finding is consistent with the research that mostly found that public employees have weaker procedural and distributive justice (Kurland and Egan, 1999). The possible explanation of this finding is that public bank employees might feel injustice because of strict rules and procedures.

References


