

Does Social Capital Affect Perceived Job Environment? Evidence from IT & ITES Sectors

Manoj K. Sharma & Poonam Sharma

Perception about job environment affects job satisfaction levels of employees. The purpose of this research is to study the relationship among certain social capital variables and perceived job environment. The descriptive research design has been followed for this study. The respondents of the study are employees of IT and ITES firms in Chandigarh. IT and ITES jobs involve long working hours with daily and monthly targets. Thus, the perceived job environment becomes all the more important. Multiple regression analysis and correlation analysis has been used for data analysis. Social capital variables are found to have a significant relationship with the perceived job environment at the workplace.

Manoj K. Sharma (E-mail: mksharma.ubs@gmail.com) is Professor & **Poonam Sharma** (E-mail: psharma.ubs@gmail.com) is Senior Research Fellow, University Business School, Panjab University, Chandigarh.

Introduction

In today's competitive environment businesses are growing as never before. Almost every market is struggling with growing competition. In such a scenario organisations aim at building the most congenial environment at their work places so that their employees feel motivated and comfortable while performing their job-related tasks. Organisations are focusing not only on improving the physical environment but are making and searching for enriching the social environment at their workplaces. Human resource literature is filled with research suggesting enhanced employee engagement, job involvement, job satisfaction, etc. Social capital has been one of the important aspects of studying communities and societies. But this concept has not been given the required importance in human resource literature. This concept has been studied in multiple disciplines. But now the arguments have been put forth that when an individual is spending a major chunk of the day and time at the workplace then the workplace should also be considered as a resource of social capital. Social capital is considered as the formation of social relationships

and it may be considered as an attribute of the collectiveness or group to which the individual belongs (Kawachi & Berkman, 2000). It normally includes societies, communities, families, neighbourhoods, and workplaces. Therefore, there is a need to look into the characteristics of the social environment as drivers of social capital at workplaces. Different strategies to construct social capital along with engendering trust or faith are almost sure to be more helpful and effective if the same is driven by energy and innovation from the bottom instead of the top of the organisation. To experience both efficacious and affianced, employees must be convinced that they have had an important role in designing and delivering what happens in the workplace. This sharing of both design and execution leads to social capital and trust of a relatively high order. The perceived job environment helps to understand the feeling of the employee from the overall job environment whether the concerned employee can belt a balance in personal and life at the workplace. This balance and perceived positivity may be due to certain non-financial attributes of the job. The social capital is also one of those intangible factors which affect the employee at his/her job. The current study has been conducted keeping in mind the scarcity of research in finding the relationship of perceived job environment and social capital and to prove the practical relationship of the two.

Literature Review

The work environment comprises several components that fall into two key

categories, namely, psycho-social and physical. Although, during the initial stages of industrial psychology, just the physical environment was given weight and it was thought as an important determinant of productivity of employees at the workplace. However, the literature lacks consistency in the association between these physical work environment components and performance. Nevertheless, after the Hawthorne experiment industrial psychologists started shifting their interest to the study of the social and psychological environment and its effects on employees' job behaviour. Many modern organisations are making all possible hard work to make the work environment more comfortable. However, Helliwell and Putnam (2007) asserted that most of the earlier attempts to value non-financial factors of jobs have primarily been paying attention to job hazards, and have used wage equations along with safety as the independent variable and also incomes or wages as the dependent variable. Further, these results also proposed that the trust of management is estimated to be higher when high levels of linking and bridging social capital exist. The social capital side of the job environment is an emerging trend in research as the majority of the time is spent at the workplace. Thus, it is important to value and understand the formation of social capital and related factors in the workplace (Putnam, 2000). Social capital definition by OECD is as networks together with shared norms, values, and understandings that facilitate co-operation within or among groups (OECD, 2001).

Social capital is also frequently referred to as the features of social organisation such as norms, networks and social trust which leads to cooperation and coordination for common benefits (Putnam, 1995). Helliwell and Putnam (2007) defined social capital as networks along with shared norms, values, and understandings that aid the cooperation and collaboration within or among groups. Further, they asserted that the environment of trust in the workplace is significant. This study also found that trust is associated with subjective well-being, even after considering individual personality differences. On the contrary, relating social capital may be low in union shops and this could be because workers in jobs are generally thought to have relatively low-quality relations between their management and themselves. Thus, they are relatively more inclined to unionization because social capital developed in a union environment may promote solidarity against management (Helliwell & Putnam, 2007). The recent finding of various studies asserts that trust at the workplace and other measures of the life quality on the job have notably high income-equivalent values (Helliwell & Huang, 2005). Helliwell and Wang (2011) asserted that human beings are social beings, and also trust is usually seen as an imperative component within all societal settings. To make trust to be strong enough, it needs to be justified by trustworthy behavior by all those who are being trusted.

They are relatively more inclined to unionization because social capital developed in a union environment may promote solidarity against management.

Many recent studies have examined the consequences and causes of trust associated with the parallel study of social capital. However, trust has also been sometimes used as a proxy measure of social capital or has been used as an outcome of high levels of social capital. With the help of a survey conducted in Taiwan Chang (2009) showed that the level of social trust has an affirmative association with happiness. On the other hand, Yip et al. (2007) got evidence of significant linkages between life satisfaction and trust using primary data from rural China. Helliwell (2003), Helliwell & Putnam (2004) and Helliwell et al. (2009) gave alike results using comparatively large samples of data set from the World Values Surveys (WVS), The US Benchmark Survey (USBS) and Canadian Equality, Security and Community survey (ESC).

Due to these studies trust is considered as an essential area of inquiry in several disciplines like management, sociology, psychology, ethics, and economics. Consequently, this multidisciplinary perspective has led to extensiveness that has further strengthened the trust literature (Bigley & Pearce, 1998; Rousseau et al., 1998), showed that this extension in trust literature has also created confusion about conceptualization and definition of trust as a construct. Few researchers have related trust with behavioural intention (Mayer, 1995; Rousseau et al., 1998) or an action which is internal, akin to judging, preferring and choosing (Lewis & Weigert, 1985).

The linkages of the organisational environment, which is composed of some

social, organisational, and psychological factors and aspects, have been comprehensively examined in the past two decades. In numerous studies employees' satisfaction from job, job performance, motivation, job involvement, and health have been established to be influenced by the psycho-social environment of related work organisation (Benjamin, 1975; Mehta, 1977; Lenuart, 1978; Anantharaman & Subha, 1980; Dugdill, 2000; Mishra, 1986). The results of the many studies have concluded that the psychosocial and physical-legal environment of work organisations has a noteworthy impact on job satisfaction and job performance of their employees and it also impacts the perceived effectiveness of the organisation, as perceived by the employees. The studies also discussed that the psychosocial environment at the workplace puts an important impact on employees' job behaviour and organisational effectiveness than the physical environment of the workplace. The impact of job or work environment on job satisfaction may perhaps be attributed to the employees' job attitudes framed from the cognitive appraisal of diverse components and aspects of the working environment. The employee who feels that the work environment is adequate, safe and congenial it adds to positive perception about job among employees. Further, this perception leads them to develop a positive attitude towards various components of a job. This positivity then eventually leads to an increase in job satisfaction and job involvement among employees.

Oksanen et al.(2013) discussed that social capital literature theoretically com-

prises mainly two different but overlapping paths. The first is the individual-level approach of social capital which emphasize on perceptions of individuals while the second approach focuses on cohesion and solidarity of the group to which the person belongs and to the macro-level approach in which social capital is considered as a collective resource of a workplace. The findings of this study further suggest that the direct and possible intervention boosts up cooperative and participatory behavior in the workplace. In such workplaces, there is generally space for action, interaction, occasion and conversation and provides an environment so that people of a common workplace can come together.

In many previous pieces of research, low social capital at the workplace has been linked with depression, mortality, sub-optimal health as well as hypertension.

Therefore, the workplace's social capital is an important contour of research. However, the researchers have been mainly constrained to communities and neighbourhoods and do not include work which is at present an important source of social capital (Putnam, 2000). In many previous pieces of research, low social capital at the workplace has been linked with depression, mortality, sub-optimal health as well as hypertension. Nonetheless, again, suggestions and recommendations on the ways to intervene to build or increase social capital have been meagre, partially due to the small number of researches on factors that are related and also impact the levels of social capi-

tal at workplaces. The above literature highlighted the importance of social capital in the workplace. Captivating this fact into consideration, the present study aimed at examining the association of social capital and perceived work environment.

Population & Sample

The population of the study comprises employees working in the IT and ITES companies of Chandigarh. The IT industry has been chosen for the present study as the majority of jobs here are target-oriented with long working hours and restricted holidays. This sector has a relatively high turnover. Thus, there is a need to understand the perceived environment in such jobs and other factors affecting

the workplace environment. At the same time, this sector is growing at a rapid speed with the highest contribution in GDP among the three sectors of the Indian economy. Social capital is one of the emerging dimensions of research thus efforts have been made to understand the status, role, and importance of social capital in the formation of a positive perceived job environment. The sample has been selected from the people working in the IT Park in Chandigarh. The reason for choosing this area is it is a hub for IT and ITES companies in Chandigarh. A total of 200 questionnaires were personally served to the employees but only 154 were found to be complete. Thus the final sample size came out to be 154. The description of respondents is given in Table 1.

Table 1 Description of the Respondents (Gender & Age)

Age		18-29	30-44	45-58	59 or more	Total
Gender Male	Count	30	32	12	2	76
	% within Gender	39.5	42.1	15.8	2.6	100.0
Female	Count	45	26	6	1	78
	% within Gender	57.7	33.3	7.7	1.3	100.0
Total	Count	75	58	18	3	154
	% within Gender	48.7	37.7	11.7	1.9	100.0

Source-Authors' compilation from SPSS output

Research Instrument/ Data Collection

The study is based on a primary data survey. A self-structured questionnaire was used for data collection. The scale for constructs used in the study was adapted and was further checked for their validity and reliability. The data has been collected using a five-point Likert scale starting from 1 to 5, from 'strongly disagree' to 'strongly agree'. The social capital has been measured by adapting the

four dimensions given by Grootaert et al.(2004). Also, the social capital has been measured by mutual trust at the workplace, collectiveness of work at the workplace, groups at the workplace and lastly the communication with the superiors.

For validity analysis experts of this area were consulted and minor changes suggested were included. The reliability has been checked using Cronbach's Alpha which was found to be more than 0.60 for all the used constructs of the

study. The perceived job environment quality has been measured using the original scale given by Dennis (1974) as mentioned and used by Hayase (2009). Cronbach's alpha for Communication to

superiors was found to be 0.91. All the responses were collected in five points Likert scale ranging from 'strongly disagree' to 'strongly agree'.

Table 2 Correlation

N=154		Mutual Trust	Informal Groups	Collectiveness at workplace	Communication with superiors
Perceived Job_Env	Pearson'sCor. Sig. (2-tailed)	.449** .000	.356** .000	.256** .001	.707** .000

Source - Made by authors from SPSS output data. ** Correlation is significant at the 0.01 level (2-tailed).

Data Analysis

The following hypothesis has been formulated for ascertaining the impact of social capital variables on perceived job environment at the workplace.

H₁: Social capital has a significant association with perceived job environment at the workplace.

From Table 2 it is clear that there is a statistically significant association between perceived workplace environment and social capital variables (mutual trust, informal groups, collectiveness at the workplace, and communication with superiors). Communication with the superiors is found to be statistically significant with a 70 percent correlation coefficient. Mutual trust is 44.9 percent associated with the perceived workplace environment. Similarly, informal groups and collectiveness at the workplace are significantly associated with perceived job environment with 35.6 and 25.6 percent correlation coefficients respectively. Therefore the set hypothesis (H₁) is accepted and it can be concluded

All social capital variables are important in enriching the job environment at the workplace which would further lead to increased job satisfaction and a decrease in employee turnover in IT and ITES companies.

that all social capital variables are important in enriching the job environment at the workplace which would further lead to increased job satisfaction and a decrease in employee turnover in IT and ITES companies. For ascertaining the impact of social capital variables on the perceived job environment multiple regression has been done and the following hypothesis was formulated.

H₂: Social capital has a significant impact on the perceived job environment in the workplace.

As F (4/149) =43.71, p<.05) R²= .528 and p-values are less than 0.05 the proposed hypothesis(H₂)is accepted. Hence, it can be concluded that communication

Table 3 Results of Multiple Regression (Sample=154)

Independent variable	Regression coef.	t value	Sig
Constant	.55	1.35	.179
Mutual Trust at the workplace	.31	3.34	.001
Informal Groups	.08	1.02	.311
Collectiveness of work	-.07	-.69	.493
Communication with superiors	.53	9.43	.000
F	43.71		.000
R ²	.540	Adjusted R ²	.528

Source- Authors' compilation from SPSS output.

Communication with superiors and mutual trust in the workplace has a significant impact on the perceived job environment.

with superiors and mutual trust in the workplace has a significant impact on the perceived job environment. Informal groups and collectiveness of work are coming insignificant factors among the four social capital variables, thus, it can be stated that the two significant factors have a more vocal role in enriching the environment at

any workplace. And they both are explaining up to 52.8% variation in the perceived job environment.

H₃: There is a significant difference in the perceived work environment and social capital across age groups.

From the ANOVA table it is reflected that there is no significant difference across age groups thus the proposed hypothesis for the same (H₃) is rejected.

H₄ There is a significant difference in the social capital and perceived work environment across gender.

Table 4 ANOVA

N=154		Sum of Sq.	Df	Mean of Sq.	F	Sig.
Mutual Trust	Between Groups	.240	3	.080	.434	.729
	Within Groups	27.640	150	.184		
	Total	27.880	153			
Informal Groups	Between Groups	.896	3	.299	1.002	.394
	Within Groups	44.704	150	.298		
	Total	45.600	153			
Collectiveness of work	Between Groups	.336	3	.112	.808	.491
	Within Groups	20.790	150	.139		
	Total	21.126	153			
Communication with superiors	Between Groups	.561	3	.187	.329	.804
	Within Groups	85.198	150	.568		
	Total	85.759	153			
Perceived Job_env	Between Groups	.689	3	.230	.551	.648
	Within Groups	62.455	150	.416		
	Total	63.144	153			

Source- Authors' compilation from SPSS output

Table 5 Results of t-test

	t	df	Sig. (2-tailed)
Mutual Trust	1.349	152	.179
Informal Groups	-1.112	152	.268
Collectiveness of work	1.863	152	.064
Communication with superiors	.826	152	.410
Perceived Job_env	.998	152	.320

Source- Authors' compilation from SPSS output

The results of the t-test (Table 5) signify that there is no significant difference in the constructs of social capital under study across gender. Thus, hypothesis (H_4) is rejected. It can be concluded that the responses of males and females for the social capital and perceived job environment are not significantly different.

Discussion

The domino effect of the study highlights the importance of social capital variables in the perceived job environment. The correlation coefficients of all the four social capital variables are found to be statistically significant. Communication with the superiors along with perceived job environment is found to be a highly significant factor with the highest correlation coefficient (0.70) (Table 2). It means that when organisations have an environment where subordinates feel free to discuss their job-related problems with their superiors then it adds to job satisfaction among employees which is then reflected in their perceived job environment. The superiors should try to maintain a channel of communication and should involve themselves in frequent conversations with their subordinates. This step is likely to enrich the job environment for employees. The mutual trust at the workplace is found

to be the second most highly associated factor with 0.45 correlation in determining the perceived job environment (Table 2). Thus, it is clear that when employees have the feeling that the people at the workplace can be trusted and be relied upon then it leads to positivity at the workplace which leads to enrichment of the job environment. On the contrary, an organisation where the majority of employees have the feeling of mutual distrust cannot grow and sustain in the long run. Thus, efforts should be made to increase transparency at all levels as the ideology of management trickle down to all the levels in the organisation.

An organisation where the majority of employees have the feeling of mutual distrust cannot grow and sustain in the long run.

The collectiveness of certain job activities gives opportunities to the colleagues as well as superiors to work together which serves dual purposes. On the one hand, it increases the effectiveness and productivity of the organization and on the other it increases the interaction among the employees and with superiors which leads to the mushrooming of enriched social capital at the workplace. The

collectiveness of work and perceived job environment are found to be statistically significant (Table 2). The correlation coefficient of the two came out to be (0.26). Along with the above-discussed factors, the presence of informal groups also came out to be important and associated with the perceived job environment. It implies that when an employee has an informal group of friends at the workplace or when a person becomes part of informal groups with time it leads to positivity about the job in the person's mind. Thus, it can be said that informal groups are an important means for the enrichment of social capital which is further expected to enrich the workplace environment. Results of multiple regression showed that the impact of mutual trust and communication with the superiors have a statistically positive impact on the perceived job environment (Table 3). This implies that communication with the superiors and mutual trust are more important factors than the other two social capital variables of the study. These two variables are determining a 52.8% variation in the perceived job environment. The ANOVA has been used to test the difference in the variables of the study across various age groups. No significant difference could be found in the same (Table 4). Further, gender is also found to be insignificant in differentiating the social capital variables and perceived job environment (Table 5).

Conclusion & Implications

Social capital has been studied mainly to measure the related variables in societies and at the community level. There are very few researches focusing on social

capital at the workplace as its impacts on employees and job-related variables are noteworthy. Thus, this study fills this gap and it is concluded that enrichment of social capital is related to the perceived job environment. In this paper, we highlighted the importance of social capital related variables in determining the workplace environment. Management should make efforts to encourage collective tasks at the workplace. Efforts should be made to engage employees in informal learning techniques as it allows increasing informal groups and would also lead to mutual trust in the workplace. The social capital variables are also interrelated and one paves the way for the other and collectively leads to the formation of social capital. The findings suggest possible policy intervention by the management to boost cooperative and participatory assignments in the workplace.

Limitations

Every research has certain limitations and the present research is also not an exception to it. The present study is restricted to IT and ITES employees only. Further, this should be conducted and validated in other industries to explore the relationship between social capital variables and job environment. Other perspectives related to social capital should also be explored.

References

- Anantharaman, R. N. & Subha, V. (1980), "Job Involvement, Need Satisfaction and Organisational Climate", *Indian Journal of Applied Psychology*, 17: 56-59
- Baylis, N. & B. Keverne, (2005), *The Science of Well-being*, Oxford University Press.

- Benjamin, S. (1975), "Organizational Climate. An Essay", *Personnel Psychology*, 28: 447-79.
- Bigley, G. A. & Pearce, J. L. (1998), "Straining for Shared Meaning in Organisational Science: Problems of Trust and Distrust", *Academy of Management Review*, 23: 405-21.
- Chang, W. (2009), "Social Capital and Subjective Happiness in Taiwan", *International Journal of Social Economics*, 36: 844-68.
- Dennis, H. S. (1974), A Theoretical and Empirical Study of Managerial Communication Climate in Complex Organisations, Ph.D. Dissertation, Purdue University.
- Dorsey, S. & Walzer, N. (1983), "Workers' Compensation, Job Hazards, and Wages", *Industrial and Labor Relations Review*, 36(4): 642-54.
- Dugdill, L. (2000), "Developing a Holistic Understanding of the Workplace", *Health and Ergonomics* (England), 43: 1738-49.
- Grootaert, C., Narayan, D., Jones, V. N. & Woolcock, M. (2004), Measuring Social Capital: An Integrated Questionnaire, The World Bank.
- Hayase, L. K. T. (2009), Internal Communication in Organisations and Employee Engagement. UNLV Theses, Dissertations, *Professional Papers, and Capstones*, 1176.
- Helliwell, J. F. & Wang, S. (2011), "Trust and Wellbeing", *International Journal of Wellbeing*, 1(1): 42-78.
- Helliwell, J. F. & Putnam, R. D. (2004), "The Social Context of Well-being", *Philosophical Transactions of the Royal Society of London. Series B: Biological Sciences*, 359(1449), 1435-46.
- Helliwell, J.F. (2003), "How's Life? Combining Individual and National Variables to Explain Subjective Well-Being", *Economic Modelling*, 20: 331-60.
- Helliwell, J.F., H. Huang & R.D. Putnam (2009), "How's the Job? Are Trust and Social Capital Neglected Workplace Investments?" In V. Bartkus and J. Davis, (eds), *Social Capital: Reaching Out, Reaching in* Cheltenham, UK: Edward Elgar.
- Kawachi, I & Berkman LF (2000), "Social Cohesion, Social Capital, and Health", in LF Berkman & I Kawachi (Eds), *Social Epidemiology*, New York, Oxford University Press
- Lenuart, L. (1978), "Quality of Work Environment Protection and Promotion of Occupational Mental Health", *Report from the Laboratory for Clinical Stress Research*, 88: 25.
- Lewis, J. D. & Weigert, A. (1985), "Trust as a Social Reality", *Social Forces*, 63: 967-85.
- Mayer, R. C., Davis, J. H. & Schoorman, F. D. (1995), "An Integrative Model of Organisational Trust", *Academy of Management Review*, 20: 709-34.
- Mehta, P. (1977a), "Employee Motivation and Work Satisfaction in a Public Enterprise", *Vikalpa*, 2: 223-36.
- Mishra, P. C. (1986), "Strenuous Working Conditions as a Moderator Variable of the Job Satisfaction-Job Involvement Relationship", *Indian Psychological Review*, 3: 4-9.
- Oksanen, T., Kawachi I, Kouvonen A, Takao S, & Suzuki E. (2013), "Workplace Determinants of Social Capital: Cross-Sectional and Longitudinal Evidence from a Finnish Cohort Study", *PLoS ONE*, 8(6): e65846.
- Putnam, R.D. (1995), "Bowling Alone: America's Declining Social Capital", *Journal of Democracy*, 6: 65-78.
- Putnam, R. D. (2000), *Bowling Alone: the Collapse and Revival of American Community*, New York: Simon & Schuster
- Rousseau, D. M., Sitkin, S. B., Burt, R. S. & Camerer, C. (1998), "Not So Different After All: A Cross-discipline View of Trust", *Academy of Management Review*, 23: 393-404.
- Yip, W., S.V. Subramanian, A.D. Mitchell, D.T. Lee, J. Wang & I. Kawachi (2007), "Does Social Capital Enhance Health and Well-Being? Evidence from Rural China", *Social Science & Medicine*, 64: 35-49.