

## The Impact of Social Capital on Business Performance Evidence from the Algerian Companies

تأثير رأس المال الاجتماعي على أداء الأعمال: مثال عن المؤسسات الجزائرية

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### Abstract

The concept of social capital became fashionable only relatively recently, but the term has been in use for almost a century while the ideas behind it go back further still. The aim of this research is to investigate the impact of social capital on business performance in Algerian companies through a sampling of 307 employees using an empirical study. We use the model of Jyotirmayee Choudhury (2010), to examine the relationship between social capital and business performance. The data was collected by means of a questionnaire. Statistical techniques (Program SPSS) such as descriptive statistics, t-test, ANOVA test, correlation and multiple regressions were employed. To confirm the suitability of data collection instrument, a Kolmogorov-Smirnov (K-S) test and Cronbach's Alpha and factor analysis. The present study found social capital has a weak impact on business performance in the Algerian companies, so it is recommended to increase the awareness of the manager on the important of social capital in result to increase the business performance,

JEL Classification Codes : M2; M12

### Keywords

Social capital ;  
Business  
performance;  
Algerian companies.

### الكلمات المفتاحية

رأس المال الاجتماعي؛ أداء  
الأعمال؛ المؤسسات  
الجزائرية .

أصبح مفهوم رأس المال الاجتماعي من المفاهيم العصرية في الآونة الأخيرة، لكن هذا المصطلح كان قيد الاستعمال لمدة قرن تقريباً، بينما الأفكار التي يتبناها هذا المفهوم تعود إلى أبعد من ذلك. الهدف من هذا البحث هو دراسة أثر رأس المال الاجتماعي على أداء الأعمال في المؤسسات الجزائرية من خلال عينة عشوائية بسيطة مكونة من 307 موظفين باستخدام نموذج (2010) Jyotirmayee Choudhury تم دراسة العلاقة بين رأس المال الاجتماعي وأداء الأعمال، وقد تم جمع البيانات عن طريق استبيان. تم استخدام التقنيات الإحصائية اعتماداً على برنامج SPSS. الهدف من هذا البحث هو دراسة تأثير رأس المال الاجتماعي على أداء الأعمال في المؤسسات الجزائرية وتوصلنا من خلاله على أن هذا النوع من رأس المال له تأثير ضعيف على أداء الأعمال في المؤسسات الجزائرية، لذلك من الموصى به هو زيادة الوعي لدى المدير على أهمية رأس المال الاجتماعي الذي يؤدي لزيادة أداء الأعمال .

تصنيف JEL: M2; M12

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## I.INTRODUCTION:

During the past 10 years, the concept of “social capital” has had a spectacular success, as shown by the vitality of the production of articles aimed at its presentation, discussion, and implementation in various problematic. An impressive quantity of literature has developed, starting in the United-States, on and about the concept of “social capital”. Its promoters build on the idea that social relations, shared norms and values and trust facilitate coordination and cooperation between individuals or groups. The idea is not new. What is new is to consider sociability and associational participation, norms, shared values and trust, as a stock of capital at the macro-social level, and to raise it as a unique principle able to explain multiple economic and social phenomenon.

The revolution in the environment of the company increases the importance of the hidden assets, and leads to the emergence of new companies that rely on knowledge, like consulting firms, software firms and all firms that are totally reliant their intellectual capital for the success of their business. Many researchers show that social capital is a critical factor to to maximize the value of their competitive advantage .

The purpose of this research is to study the effect of social capital on business performance that allows the company to achieve a competitive advantage, so **what is the impact of the social capital on business performance in Algerian companies?**

The Algerian companies are unaware of the importance of social capital for the future sustainability, also the Algerian economy has completely changed. So the reasons to choose this topic are :

- 1- Critical importance of this topic, especially among business organizations.
- 2- Pay attention of organizations (especially Algerian organizations) to the importance of management intellectual capital as a tool to increase performance and productivity
- 3- Directing attention of the managers and leaders and workers that the main key to achieve their goals efficiently and effectively sing the Intellectual capital management .
- 4- The social capital can leads to the success of any organization, depending on their ability to form an effective combination in the organization.
- 5- To demonstrate the importance of the human element and its effective role in these organizations entity, and also how to keep the elements of intellectual capital in the organization.

**Hypothesis research** : The main hypothesis proposed in this research is :**The social capital has a positive impact on business performance in the Algerian companies** , This hypothesis is divided into the following sub-hypothesis :

**Hypothesis 1:** An organization's level of social capital is positively related to business performance.

**Hypothesis 2:** Business performance is positively influenced by Social capital

## **II. THEORETICAL FRAMEWORK AND PREVIOUS STUDIES:**

### **1. Social capital :**

The concept of social capital became fashionable only relatively recently, but the term has been in use for almost a century while the ideas behind it go back further still. The term of social capital is firstly used in 1916 in the United States that discussed how neighbors could work together to oversee schools.

#### **I. Definition of social capital :**

Social capital is defined into different ways by the authors , it is defined by the OECD as “networks together with shared norms, values and understandings that facilitate co-operation within or among groups”.

Putnam (1993), for example, defines social capital as ‘features of social organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated actions,( Yoshimichi Sato, 2013)

Lin (2001) defines social capital as ‘resources embedded in a social structure that are accessed and/or mobilized in purposive actions.’

Social capital plays a significant role in providing access to more information, increasing social cohesion, better civic engagement, reducing opportunistic behaviour, boosting political participation, government responsiveness and efficiency, reducing transaction costs, providing insurance against risk and uncertainties, and solving collective actions problems.

Bourdieu defines social capital as: “... the sum of the actual or potential resources that are linked to the possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition—in other words, to membership in a group”. defines social capital as: “... the sum of the actual or potential resources that are linked to the possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition—in other words, to membership in a group” advantages available to members from group membership. Bourdieu considers social capital as a collectively-owned asset endowing members with credits, i.e., individual good.( Yasunobu. 2009,p 9)

Coleman (1990) defines social capital by its function. It is not a single entity, but a combination of different entities having two characteristics in common: it is an aspect of a social structure, and it facilitates certain actions of individuals who are within that structure. The entities include obligations, expectations, trust, and information flow .

Putnam defines social capital as: “ features of social organization, such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinated actions”. (Yasunobu. 2009,p 9)

Social capital refers to features of social organization such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefit. For a variety of reasons, life is easier in a community blessed with a substantial stock of social capital. In the first place, networks of civic engagement foster sturdy norms of generalized reciprocity and encourage the emergence of social trust. Such networks facilitate coordination and communication, amplify reputations, and thus allow dilemmas of collective action to be resolved. (...) Finally, dense networks of interaction probably broaden the participants’ sense of self, developing the ‘I’ into the ‘we’, or (in the language of rational-choice theorists) enhancing the participants’ ‘taste’ for collective benefits.” (Putnam (1995) & Ponthieux 2004)

For Fukuyama, social capital depends on the norms and values shared within a community, and also on the willingness to subordinate individual interests to wider interests. Sharing values allow the actors to trust one another; trust, in turn, is “the expectation that arises within a community of regular, honest and cooperative behavior, based on commonly shared norms, on the part of other members of that community”.( Ponthieux, 2004,p10)

Adler & Kwon(2002) say that social capital which represents in a sense the goodwill, such as sympathy, trust and forgiveness, engendered by the fabric of social relations and which could facilitate action, has gained increasing attention from researchers in sociology, political science, economics and organizational science (Ali-Hassan, 2009, p420 ).

Also Portes (1998) defines the social capital as the ability of actors to secure benefits by virtue of membership in social networks or other social structures.( Portes, A. (1998),p 24)

Despite the different definitions proposed by the researcher , we can say that social capital represents relationships with public administration , relationships with means of communication and corporative image and relationships with environment care Social relationships corporative reputation. (Sánchez-Cañizares. (2007) p 424.) . So social capital is defined as “friends, colleagues, and more general contacts through whom you receive opportunities to use your financial and human capital.(Burt ( 1992), Hossam Ali-Hassan,2009, p 421)

## II. Characteristic of social capital :

There is a large number classified of social capital , the more important Putnam classified social capital into two types: “bridging” and “bonding”. “Bridging” is a network among people who have heterogeneous social backgrounds, socio-demographic characteristics, and so on. It focuses on the quantity, rather than the quality of relationships. “Bonding” is a network among people who have homogeneous social backgrounds, socio-demographic characteristics,

Social capital involves three main factors: trust, norm and network (Myeong and Hyungjun . 2016, 322). On the other hand, Sungmin Kang and Youn Kue Na illustrate the characteristics of social capital proposed by the researchers, they said that Chung et al. suggested the characteristics of social participation in terms of social exchange, rewards, cooperation, competition, and conflict, while Park proposed standards, trust, cooperation within a group, information sharing, political participation, horizontal organizations, vertical organizations, and participation in volunteer work, among others. Putnam categorized social capital into reciprocity, intensity of involvement, social participation, community and volunteer work, and unofficial association, among others, while Ellison et al. proposed trust, self-fulfillment based on reciprocity, social norms, network, and social structure as the components of social capital based on the structure of social capital. (Kang and Kue Na, 2018 p2203)

## 2. Business performance:

### A. Definitions:

Firm performance is viewed in two perspectives; financial performance and non-financial performance. Financial performance contains productivity, market share and profitability, whereas, non-financial performance contains customer satisfaction, innovation, workflow improvement and skills development. It gives the companies information about their state (success, future outlook...).

About the measurement of business performance, large companies employ Business Performance Measurement Systems, which are supported by Information Technology like Data Mining.

Business performance is a descriptive concept for the effectiveness and the efficiency of the action, process and strategy of the company. While the term “success” describes the positive effective overall turnout of a company’s activities, Business Performance can be characterized with attributes, for example as “well” or “poor”, depending on the expectations of the individual analyzing the data he or she has chosen to examine, in order to gain insight into the state the company is in at a given moment.

Business Performance can be described like an indicator of the company. If Business Performance is weak, managers need to intervene in order to return to the path of growth, especially in an environment characterized by the continuous great competition when the best one who stays in the market is the one who obtains a competitive advantage. This situation needs to pay close attention to Business Performance. However, although the necessity to partake in Business Performance analysis and evaluation in order to improve policies and processes is easily understood in theory, putting this concept into practice is not as easy as it may seem. Figure 1 describes the relationship between the Business Performance of a company and its management, to the business strategy and to the company’s processes. It is clear from the figure that there are two approaches to Business Performance.

The first one is called **normative definitions**: that is described by the framework of business strategies such as TQM (top-down relation). The leadership’s inherent responsibility is to set out a

Business Strategy in which Business Performance is defined: Business Performance must meet or exceed the expectations of the leadership. The second one, (the bottom-up relation) called **descriptive measurements**: through indicators describing the status quo of the business process, and the management if expectations are met and gives vital information about necessary adjustments to the business processes that need to be made. However, newer developments in Business Strategies, such as the Bald ridge Performance Excellence Program and the EFQM model; include the descriptive components already in its strategy model. (Kaufmann & Olaru, 2012) .

### **B :The relationship between Business performance and social capital:**

Several theories and perspectives (*e.g.* human capital theory, organizational learning theory, information processing theory and resource-based theory) suggest that social capital can create value and increase business performance by lowering costs, increasing customer benefits. In this part, I will try to mention the relationship between social capital and business performance. (Youndt and Snell. 2004)

The social capital can reduce the organizational cost as well as the human capital using different techniques; like process innovation and better problem solving...The knowledge tied up in relationships among employees, customers, suppliers, alliance partners, each of which tends to raise the efficiency of the production and service delivery and decrease costs, by raising the information about the processing capacity of the company . The social capital *like* teams allow the company to easily flow the information into different departments that have an impact to remove the costly information that circulated into different departments of the organizational structure . Moreover , the transmit of knowledge through this type of intangible capital allows companies to emerge different types of technology and coordinate diverse production skills as well as leverage knowledge from one part of the organization to another. All of these actions enable companies to use their knowledge more efficiently by leveraging it across the entire organization. (Youndt and Snell. 2004)

Social capital has an effect to improve the satisfaction and benefits of the customer by increasing the quality of the product and services with the innovation of a new delivery process. However, Mark A. Youndt and Scott A. Snell say that social capital has an impact on customer benefits more than human capital, as teams and networks of people should have increased the capabilities to solve problems . All the stakeholders like team work, suppliers and employees should satisfy customer needs and well identify them. That is, social capital between companies and their customers helps to identify idiosyncratic customer needs, as well as facilitates the development of novel solutions to address those needs. So, social capital has an indirect effect to raise the level of business performance of the company through many parties.( Figure 1).

### 3. Pervious Studies :

Several studies state the impact of social capital and business performance , we can illustrate the most important as follow:

Wag and Steiner (2019) identify a positive and significant effect of social capital on fir performance in Denmark .These effects are robust to firm-level social capital measures , different sampling years and alternative measures of fir performance (return on asset, current ratio, solvency ratio and profit margin) and network perspectives . Research of Oliveira (2013) that study the influence of social capital on business performance in Brasilia , the results show that network managers can create mechanisms to encourage the development of the entrepreneurs' social capital by promoting the creation and strengthening of ties, with positive consequences for business performance . Other study of that aim to investigate the effect of internal and external social capital on the financial and non-financial performance of businesses in the Nigerian informal sector using the partial least square method of the structural equation model (SEM), this study dhows that social capital had a significant effect on business performance, internal social capital had a significant effect on financial and non-financial performance, while external social capital had no significant effect on financial and non-performance. The difference between these studies and our study is to test of the relationship between social capital and business performance in Algerian firms using the following dimensions to measure business performance :customer satisfaction , quality and productivity according to the model of Jyotirmayee Choudhury (2010).

## **II.METHOD AND PROCEDURES:**

The model uses in this study to test the hypothesis is the model of Jyotirmayee Choudhury (2010) uses in Indian IT sector , that divided intellectual capital into three elements : human capital , social capital and organizational capital and their impact on business performance , but in our research , we choose just the independent variable Social capital which is compatible with our research .The following figure illustrate the conceptual model of our research . (Figure 2)

### **A- Data collection :**

The respondents were all employees in Algerian companies . The questionnaire contained 64 statements to which respondents indicated the extent of their agreement on a 5-point Likert scale (1 = strongly disagree and 5 = strongly agree).

For this study, a simple random sampling technique was chosen to obtain a sample size of 120 potential respondents, a total of 307 responses were received, representing a response rate of approximately 83,33%.Our sample of this research was employees working in companies including : Banks, Industrial Goods and Services, Insurance , Telecommunications. Most of the respondents are situated in the medium level of the companies mentioned in the table follows..(Table 1)

The response rate was 67.3 per cent. A description of the respondents is represented in table 2.

Respondents were encouraged to ask questions about the purpose of the survey ,and to make sure that the meanings of the questions were clear. All such questions were answered during the administration of the survey.

Very few concerns regarding the meanings of the questions were reported. About 60% of the respondents were from financial services (Banks) and the remaining 40% were from no service industries (e.g., production ). See Table 2 for descriptive information.

Data collected through quantitative survey approach . The questionnaires is distributed to 320 employees that work in different companies .

In this study, the responses and information collected from the various statistical methods will be used to analyze the data that we will collect from the 307 respondents. The Statistical Package for the Social Sciences (SPSS, version 17.0) package.

### **B - Respondents Profile :**

The data for the study was collected from 307 respondents from various Algerian organisations. The data set covers various aspects of intellectual capital and business performance. As per the table-2 demographic profiles of the respondents consist of small, medium, and large organisation, where respondents from large organization constitute almost half of the total population in the study. Female participants in the study was one third where as male participants consisted of two third of the total population. Age wise distribution depicts 31-40 age group dominates in the study consisting of more than 40% of the total sample , The almost of the respondent have the license diploma ,it consists28,7%. . The respondents having less than 5years of experience at current organisation is very well present in the study consisting of 56,35%.

### **C- Descriptive analysis :**

#### **C-1 The test of the reliability :**

In order to test for the reliability Cronbach's alpha was used to test the reliability of the measures. All variable and sub-variable items were confirmed valid since their factor loading values were more than 0.4. This result mirrors previous studies conducted by Bontis (1998), Bollen et al.(2005) and Bin Ismail (2005).; as shown in the table 3.

#### **C-2 The Kolmogorov-Smirnov test :**

The Kolmogorov-Smirnov test for normality was used to see whether the responses had a normal curve about the mean. All dependent and independent variables were tested for normality. If the significance level was more than 5 percent, normality was assumed .



Table (4) shows that all the independent and dependent variables are normally distributed.

Table 4 depicts the mean scores of each variable and its corresponding construct. Generally speaking, all items scored in the affirmative (1 strongly disagree, 5 strongly agree, with 3 the mid-point) with mean values greater than 3.0. The only item below the mid-point was the use of *question11*, *question 17* and *question20* at 2.55, 2.21 and 2.77.

#### **D- Testing hypothesis :**

The study is intended to open few windows towards social capital . Since the accumulation of intellectual capital is outpacing the accumulation of physical assets as the key driver of competitiveness in the so called new economy the study is aimed at measuring the extent to which social capital enhances business performance and adds value to the organisation and the hypotheses for the study is described as follows.

**Hypothesis 1:** An organisation's level of social capital is positively related to business performance.

Since the population for the study is heterogeneous, a stratified random technique has been adopted to select the respondents for the study , 320 respondents were selected randomly from different levels of Algerian organisation. A linear regression model was drawn to explain the relationship between business performance and social capital.see table (5)

As defined in table-5 the linear regression equation customer satisfaction with human capital and social capital depicts that the model is well fit with adjusted  $R^2$  all close to 0.6. The model does not explain the fit between customer satisfaction and social capital of the organisation with  $R^2$  value 0.373.

The effect of social capital on service quality is not significant with  $R^2$  value 0.400. Social capital is weak in explaining the relationship with  $R^2$  value 0.17. And it is weakly explaining the model with  $R^2$  value 0.289 .

As defined in table-6 ,the regression equation of the business performance with social capital.

The regression equation of business performance component with social capital clearly depict the model are well fit with R less than 0.5.

The effect of social capital on business performance are significant with R value 0.449

#### **Hypothesis 2:Business performance is positively influenced by Social capital**

The equation for business performance was expressed in the following equation:

$$Y_s = \beta_0 + B_1 X_1, \text{ Where,}$$

$$Y_s = \text{Business performance}$$

$\beta_0$  = constant (coefficient of intercept)

$X_1$  = Social capital

$B_1$  = regression coefficient of the variable .

The relationship between the dependent and independent variables derived by this model can thus be expressed as:

$$Y_s = 1.005 + 0.461X_1$$

Table (7) showed the results of the regression analysis and the impact of social capital to the business performance. To predict the goodness-of fit of the regression model, the multiple correlation coefficient (R), coefficient of determination ( $R^2$ ), and F ratio were examined. First, the R of independent variable  $X_1$  on the dependent variable (Business Performance, or  $Y_s$ ) is 0.461, which showed that the business performance had positive and high overall association with the social capital . In other words, the table also shows the results of the statistical analysis that mentions there is an influence of the social capital on business performance, with F calculated equal 9,841 at the level of significance(  $\alpha \leq 0.05$ ) that means the reject of the null hypothesis and accept the alternative hypothesis.

The results showed that one-unit increase in social capital would lead to a 0.461 unit increase in business performance .

In conclusion, the results of multiple regression analysis agree hypothesis 2, that there is an effect of social capital to the overall business performance. So, there is a relationship and an impact of social capital on the business performance .

### **III.STUDY RESULTS (ANALYSIS AND DISCUSSION) :**

The present study found that social capital to be associated with increased business performance. Social capital is regarded as the strongest predictor of performance . Such a strong linkage between social capital supports that knowledge tied up in relationship among employees, customers, suppliers, alliance partners, and the like tends to lead to process and product innovations, better problem solving which tends to increase production and service delivery efficiencies as well as customer satisfaction. These results refer the necessary to increase the awareness of the manager, the important of social capital in result to increase the business performance . The results are in line with J. Choudhury (2010).

Social capital also enable organisations to utilize their knowledge base by leveraging it across the entire organisation and thereby reduce redundancies, effort duplication and ultimately organisational costs but the study found social capital is poorly related with all the components of intellectual

capital. So collaborative management and consensual decision making is in preaching only. It is yet to be recognized and practiced.. The relationship networks (or social capital) is an important sources of information and knowledge that complement the own experience of people and affect the organization's performance.

This study shows that the Algerian companies as whole has interested to the tangible assets more than the intangible assets .

The relationship between social capital and customer's satisfaction that means the productivity that contains the improvement of the production of the company can reinforce the relationship between social capital and customer's satisfaction; with the existing of the human resource innovations. In other words, it is important for the company to increase its production in order to increase the satisfaction of its customers; take into consideration the social capital that includes the social climate which encourages employees to work in groups, with their innovations; it causes the increasing of the productivity, and as a result, to increase the customer's satisfaction.

the social capital has a positive effect on productivity that has a positive influence on the consumer satisfaction .In other word, the consideration of the institutions, relationships, and norms that shape the quality and quantity of a society's social interactions can increase the productivity ; the firm that achieves superior levels of customer satisfaction needs to devote fewer resources to handling returns, rework ,warranties and complaint management ,thus lowering costs and improving productivity .

Profitability is stimulated by loyal customers; customer loyalty results from customer satisfaction; customer satisfaction results from the value of services provided to the customers. The value of services provided to the customers is a function of service quality , all of these can be achieved by a good adaption of a social capital.

#### **IV.ONCLUSION:**

This study shows that the Algerian companies as whole must increased the interest to the tangible assets more than the intangible assets .

These results refer the necessary to increase the awareness of the manager, the important of social capital in result to increase the business performance. The results are in line with **Choudhury (2010)**.

In the light of the academic research results, the following recommendations can be suggested for practitioners:

- (1) When developing a social capital strategy, it is important to consider the relative importance of variables within each construct. For example, innovation is fundamentally the most important measure within the latent construct of human capital.
- (2) The optimal procedure for Algerian companies is to focus their efforts on managing all the components of social capital in order to increase their business performance through the customer satisfaction .

(3) The main challenge to the Algerian companies to improve their performance is to adapt a policy in the investment in human capital. The companies also must take consideration to the innovation in order of them to be competitive. Most innovation is related to products and services.

(4) It is recommended that organizations identify key people. This individual would be responsible for preparing a plan for managing social capital and linking it to the organization's strategic goals.

(5) Algerian government should consider the publication of an intellectual capital report so that management is inclined to monitor this phenomenon while at the same time preparing traditional financial statements.

(6) To get the maximum benefits from the concept of social capital, it should be considered at all four levels: individual, group, organization and country. Intangible asset is the capacity of a nation to create and develop wealth.

(7) The concept of social capital is a newly emerging concept, and until now, it is not fully understood by most organizations in Algerian or the Arab world. This study represents a major foundation in elevating this concept within the Algerian business community.

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**Tables and Figures :**

*Table 1 : List of the companies used as sample in the study*

<b>Company</b>	<b>The Sector</b>
<b>Pepsi</b>	
<b>Coca Cola</b>	Drinks
<b>Mobilis</b>	
<b>Djezzy</b>	Telecommunications
<b>Ooredoo</b>	
<b>Touring Voyage Algérie</b>	Tourism
<b>CNEP</b>	
<b>NATIXIS</b>	Banks
<b>BDL</b>	
<b>CPA</b>	
<b>Sancella</b>	
<b>Nestle</b>	
<b>LU</b>	Foods
<b>La Vache Qui Rit</b>	

*Table 2 :Respondents Profile*

Parameter	Group	#	%
<b>Sex</b>	Female	181	59
	Male	126	41
<b>Age</b>	20-30	48	15,6
	31-40	139	45,3
	41-50	91	29,6
	>50	29	9,4
<b>Education</b>	Primary	60	19,6
	Medium	68	22,1
	Secondary	83	27
	License	88	28,7
	Post Graduation	8	2,6
<b>Profession</b>	General manager	54	17,6
	Account	46	15
	Branch manager	121	39,4
	Others	86	28
<b>Total Experience</b>	>5years	173	56,35
	< 5 years	134	43,65
<b>Total</b>		307	100

*Source : from SPSS*

*Table 3 : The test of the Reliability and Normality*

Items	Cronbach's alpha	(K-S)Z	Sig
<i>Social capital</i>	0.4686	0.02	0.654
<i>Business performance</i>	0.7846	0.923	0.234

*Source : from SPSS*

*Table- 4 : Statistical results of summary variables*

Items	Mean	Std.Dev	t-value
<b>Social capital</b>	<b>3.36</b>	<b>1.205</b>	<b>58.166</b>
<b>1- Our employees are skilled at collaborating with each other to diagnose and solve problem and issues..</b>	3.52	1.355	45.500
<b>2-. Our employees share information with other and learn from other within their own team and Department</b>	3.26	1.228	46.583
<b>3- Our employees interact and exchange ideas with cross functional department and division.</b>	3.11	1.174	46.400
<b>4- Our employees partner with customers, vendors and other alliance partners to develop solutions</b>	3.56	1.119	55.772
<b>5- Our employees apply knowledge from one area of the organisation to problem and opportunities that arises in another part of the organisation.</b>	3.36	1.153	51.079
<b>Business Performance</b>	<b>3.23</b>	<b>0,928</b>	<b>70.451</b>
<b>Consumer satisfaction</b>	<b>3.25</b>	<b>1.545</b>	<b>40.585</b>
<b>6- Complaints on our products/solutions are negligible</b>	3.46	1.123	54.087
<b>7- Customers are delighted with our service capabilities</b>	3.49	3.154	19.396
<b>8- Our service turnover time is one of the lowest in our industry.</b>	3.33	1.288	45.428
<b>9- We give maximum importance to our customers commitments</b>	3.26	1.269	45.002
<b>10- Our employees understand current and future need of our customer</b>	3.09	1.307	41.412
<b>11- Meet customer expectations and strive to exceed customer expectations</b>	2.92	1.343	38.187

<b>Quality</b>	<b>3,07</b>	<b>0.675</b>	<b>77,797</b>
12- Our solutions are very reliable and stable	3.36	0.981	60.001
13- Our solutions are cost effective	3.31	0.584	99.416
14- The defect injection rate is below the industry average	3.03	0.757	70.307
15- We usually prevent repeat mistakes	3.32	0.565	103.189
16- Our acceptance defects density is very low	3.19	0.728	76.884
17- The cost of quality is one of the lowest in the industry	2,21	0,435	56.987
<b>Productivity</b>	<b>3.22</b>	<b>0,673</b>	<b>86,916</b>
18- The solution cycle time is reduced drastically over the period.	3.34	0.735	79.725
19- Our productivity is continuously improving over the time.	3.29	0.713	80.913
20- Our in time solution delivery record is one of the best in industry.	2.77	0.881	55.068
21- Our people easily adapts to new platform compare to our counterparts.	3.32	0.565	103.189
22- Organisation's per person productivity is better than the industry average	3.32	0.565	103.189
23- We share the productivity benefits with our customer which in turn generates repeat business.	3.31	0.584	99.416
<b>Innovation</b>	<b>3.41</b>	<b>0.8215</b>	<b>76,507</b>
24- Usage of reusable components increases the productivity drastically.	3.66	1.036	61.889
25- Reusable components increase the product stability and reduce defect injection rates.	3.36	0.981	60.001
26- We use white papers, case studies, project	3.29	0.583	99.061



<b>artefacts in our solutions.</b>			
<b>27- Our solution design is very robust</b>	3.33	0.686	85.078

*Source : from SPSS*

*Table 5 : Business performance Vs social capital*

<b>Business Performance</b>	<b>Intellectual capital</b>	<b>Multiple R</b>	<b>R<sup>2</sup></b>	<b>Adjusted R<sup>2</sup></b>	<b>Std Error</b>
<b>Customer Satisfaction</b>	SC	0.611	0.373	0.094	4.885
<b>Service /Product Quality</b>	SC	0.633	0.400	0.051	3.536
<b>Productivity</b>	SC	0.414	0.171	-.0003	3.636
<b>Innovation</b>	SC	0,538	0,289	0,054	3,532

*Source : from SPSS*

*Table 6 : social capital Vs Business performance Summary*

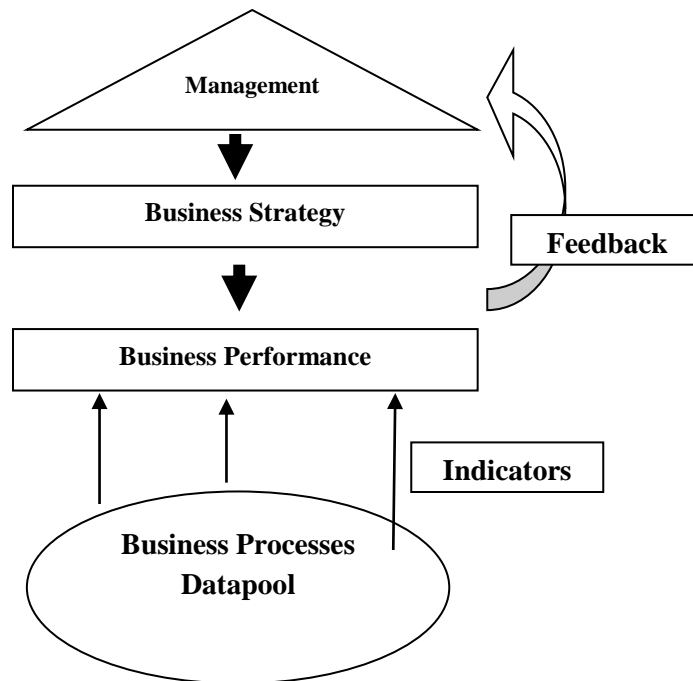
<b>Performance</b>		<b>Multiple R</b>	<b>R<sup>2</sup></b>	<b>Adjusted R<sup>2</sup></b>	<b>Std .Error</b>
<b>Business Performance</b>	<i>Social capital</i>	0.449	0.201	0.055	3.529

*Source : from SPSS*

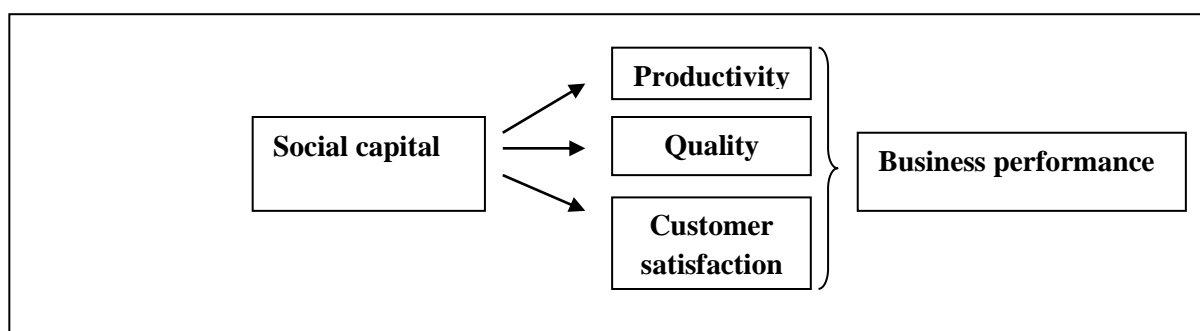
*Table 7: Regression results of business performance*

		<b>Unstandardize d Coefficients</b>		<b>Standardized Coefficients</b>	<b>t</b>	<b>Sig.</b>
		<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		<b>Std. Error</b>
	SC	0.461	0.272	0.449	5.361	0.000

p> 0.05 *Source : from SPSS*

**Figure 1: Business Performance in the Business architecture**

*Source: Dd. Dipl.-Vw. Malte Kaufmann & Marieta Olaru.( 2012) , THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON BUSINESS PERFORMANCE –CAN IT BE MEASURED, AND IF SO, HOW? The Berlin International Economics Congress, March 7th-10th, 2012, p4.*

**Figure 2: Conceptual model according to the model of Jyotirmayee Choudhury (2010)**

*Source : Choudhry J .(2010) , Performance Impact of Intellectual Capital: A Study of Indian it Sector, International Journal of Business and Management Vol. 5, N° 9.*