ATILIM UNIVERSITY
GRADUATE SCHOOL OF SOCIAL SCIENCE
DEPARTMENT OF BUSINESS ADMINISTRATION
BUSSINESS ADMINISTRATION MASTER'S PROGRAMME

THE EFFECT OF SOCIAL CAPITAL ON OPERATIONAL PERFORMANCE: A RESEARCH IN ERBIL

Master's Thesis

Ahmed Abdulqader Hamad

Ankara, 2017

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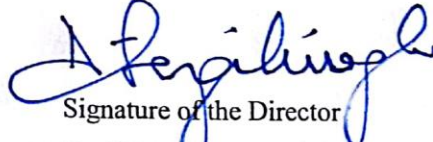
Master's Thesis

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This is to certify that this thesis titled [THE EFFECT OF SOCIAL CAPITAL ON OPERATIONAL PERFORMANCE: A RESEARCH IN ERBIL] and prepared by Ahmed Abdulqader Hamad, meets with the committee approval unanimously/ by a majority vote as Master's Thesis in the field of Business and Administration department following the successful defense of the thesis conducted in [12.07.2017].

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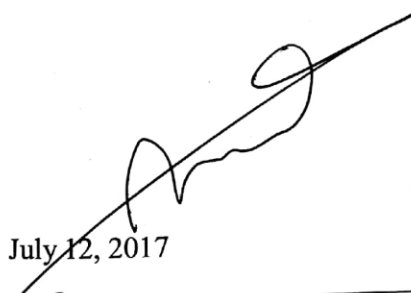Asst. Prof. Dr. Şule Tuzlukaya

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July 12, 2017

Ahmed Abdulqader Hamad

ÖZ

[Ahmed Hamad] [SOSYAL SERMAYENİN OPERASYONAL PERFORMANS ÜZERİNE ETKİSİ: ERBİL'DE ARAŞTIRMA] [İşletme Yüksek Lisans Tezi, Ankara, (2017)]

Bu çalışmada kurumların operasyonel performans gelişiminde ilişkisel sermaye, yapısal sermaye ve bilişsel sermayeyi kapsayan sosyal sermayenin rolü incelenmiştir. Araştırmaya kaynak sağlamak için, Erbil'de faaliyet gösteren ticari bankalarda görev yapan (111) üst düzey yönetici, orta düzey yönetici ve idari personelin şahsen yanıtladığı ve nicel değerlendirme yapmaya yönelik bir anket sistemi oluşturulup dağıtılmıştır. Burada sosyal sermaye bağımsız değişken, operasyonel performans gelişimi de bağımlı değişken olarak tanımlanmıştır. Daha sonra, bu incelemede söz konusu olan çalışmaya yönelik sorular sosyal sermaye ve operasyonel performans arasındaki ilişki ve etkiyi ortaya çıkartacak şekilde belirlenmiştir. Bu sayede çalışma için kavramsal bir taban oluşturulmuş ve buradan yola çıkarak birkaç hipotez geliştirilmiştir. İlgili hipotezlerin kabul edilebilir olup olmadığını belirlemek için de birkaç istatistiksel test uygulanmıştır. Bulgular, çalışma sonucunda ilişkisel sermaye, yapısal sermaye ve bilişsel sermaye ile operasyonel performans gelişimi arsında belirgin pozitif ilişkiler tespit edilmiştir. Ayrıca ilişkisel sermaye ile yapısal sermayenin operasyonel performansın geliştirilmesinde daha etkin olduğu gözlemlenmiştir. Daha sonra bu incelemede çıkarak sosyal sermayenin ticari bankaların faaliyet istikrarını ve operasyonel performansını geliştirmesinde önemli bir rol oynadığı saptanmıştır.

Anahtar Kelimeler: Sosyal Sermaye, Sermaye, İlişkisel Sermaye, Yapısal Sermaye, Bilişsel Sermaye ve Operasyonel Performans Geliştirme

ABSTRACT

[Ahmed Hamad]. [THE EFFECT OF SOCIAL CAPITAL ON OPERATIONAL PERFORMANCE: A RESEARCH IN ERBIL] [Master's Thesis in Business Administration, Ankara, (2017)]

The purpose of this study is to investigate the effect of social capital which includes; (relational capital, structural capital, and cognitive capital) on organisation operational performance development. In order to reach the current study purposes, the samples were distributed to (111) individuals of senior managers, middle managers and administrative staff of the commercial banks operating in Erbil, who contributed through replying to the questionnaire scale which was self-administered and dispersed by applying quantitative method which is questionnaire system. The independent variable is social capital and the dependent variable represents the operational performance development. The study is based on the input of senior managers, middle managers and administrative staff (through a self- administered survey). However, in this study, the problems are going to be identified through investigating some enquiries, devoted on the nature of the impact and relationships between social capital and the operational performance. Therefore, a theoretical structure planned for the study, then formed several hypotheses, accordingly to make sure that the hypotheses are established or may not, some statistical tests have been applied. The findings of this study found positive significant relationships between relational capital, structural capital, and cognitive capital and operational performance development, further, the relational capital and structural capital have the more active effects in developing operational performance. Furthermore, the study found that social capital plays an important effect on commercial banks' stability and in developing their operational performance.

Keywords: Social Capital, Capital, Relational Capital, Structural Capital, Cognitive Capital, and Operational Performance Development.

ACKNOWLEDGEMENT

LIST OF CONTENTS

FIRST CHAPTER

RESEARCH QUESTION

CHAPTER TWO

SOCIAL CAPITAL

CHAPTER THREE

OPERATIONAL PERFORMANCE

CHAPTER FOUR

METHODOLOGY

CHAPTER FIVE

DATA ANALYSIS AND RESULTS

CHAPTER SIX

CONCLUSION AND RECOMMENDATION

LIST OF TABLES

LIST OF FIGURES

INTRODUCTION

The purposes of this study are to investigate the effect of social capital on organisations operational performance development of the commercial banks in Erbil. Therefore, social capital is an imperceptible asset of the organisations, which is used to generate a value of organisation over a preparation of relational capital, structural capital and cognitive capital. As well social capital is a capital beyond corporeal and visible assets. Therefore, social capital can play an important effect in producing significance and gross internal product by producing knowledge and information outcomes in producing capital (richness) in the knowledge-economy.

The banking sector and commercial banks situation in Erbil are presently developing requires a new exemplary and relational capital to achieve imperceptible assets. However, this study exemplary essential and would be getting bigger attention. While social capital has become a real source of organisation and bank's value in the era of globalisation. Accordingly, the commercial bank's necessity operating in Erbil considered by other features and values that assist them to meet the challenges of the international market and financial crisis. However, the literature appraised broadly and explains the creation of a portfolio using social capital.

The importance of social capital, which represents the knowledge and creativity of the bank's staff, to give it a high value and competitive advantage, as social capital is one of the most vital pillars of the superiority of banks in a world of intense competition through the growing interest in relational capital.

Outstanding to this growing attention to the social capital, this study proposes to shed light on the effect of the proper invest and practice of social capital in controlling the operational performance of commercial banks. The present study also predicts the stability of these banks or their failure in the long run. The dimensions of social capital have become one of the common footings used in all banks and other corporations, especially commercial banks since these banks are built on trust which is reflected as one of the most vital pillars.

Accordingly, the researcher studies the problems social capital and operational performance facing in the commercial banks in Erbil with regard to the

administrative, financial, and regulatory aspects in order to improve its performance, increase investors' confidence, and strengthen banking industry.

Thus, the outcomes of the descriptive statistics and the analysis discovered the social capital dimensions certified a higher importance. These dimensions significance were categorised as relational capital, structural capital, and cognitive capital, respectively. This reveals the significance of these dimensions involve a unique entity and have a great association in establishing independent variable of social capital.

The study found positive significant relationships between relational capital, structural capital, and cognitive capital and operational performance development, further, the relational capital and structural capital have the greater influence in developing the operational performance of the commercial banks in Erbil.

It is anticipated that the understanding gained from this study will lead to proper thoughtful of those elements responsive to social capital. The outcomes of this study will contribute to commercial banks by defining relevant social capital dimensions and how these dimensions affect on bank's operational performance. The study's result is contributing to the existing literature by providing evidence on the relation between social capital dimensions and banks' operational performance.

In addition, the implication of this study contains a sharing and investing of the normal of the relationship between social capital and organisation operational performance development of Iraqi private organisations across the country. Therefore, this evidence can further commercial banks in Iraq understanding the social capital impact on operational performance development.

FIRST CHAPTER
RESEARCH QUESTION

1.1. Problem Statement of the Study

Social capital is a main factor in the organisations to achieve high operational performance and productivity. Operational performance is a factor for developing positive output in growing the level of organisation. The reason for this study is due to huge changes in the environment of organisations, therefore, this study discussing and testing some commercial banks operating in the Erbil city, to understand the effect of social capital on organisation performance. From 2003 Iraq has become a good market for most of the foreign companies consequently by their technical and administrative skills and assets improved labour skill that becomes more efficient and productive (Heman, 2016). However, social capital gives value to the organisations so some of them can get great performance and grows their business, some other firms are driving their business in a middle level and the third one belongs to those organisations that couldn't succeed and couldn't deal with the business environment. In the area performance needs conscious products with the low price, good quality, short delivery time, maintenance, services, innovation, flexibility and durability, these developments help organisations to equip itself with the environment which is very competitive and harsh is because of many competitors in the area. One of the main difficulties facing the companies (in general) is the strong role of politics in the organisations so it divided the social relational and performance of the companies into two or three levels. A big portion of the reason is that the education system was not conducive and supportive to the contemporary business requirements or operational performance and also the whole country was in a long-lasting political and economic turmoil (Caldwell, 2013).

Minister of finance announced that yearly, hundreds and millions of IQDs[1] has been gone in organisations due to low productivity, quality less and bad performance of the employees in their day's operation (solutions for double salaries, 2015). The dangers of this problem are in its scale and scope which are generally in

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[1] Iraqi Dinar, this is an Iraqi currency

almost all of the workplaces in Erbil. When these fruitless and unproductive individuals are hired, the overall organisation performance will be directed through a downward trend towards bankruptcy or break-even, not to mention numerous training sessions which are both times consuming and costly. Therefore, this study explains social capital dimensions and operational performance of the organisation in order to show the effect of social capital to increase productivity and operational performance of the organisations.

1.2. The Study Significance

This study is important because the level of operating or/and performance is contributing a lot to the result and it's the last section of organisations, also this issue of performance has become an integral part of today's business environment. This study covers the investigation of the effect of social capital management on operational performance in the organisations that are established for the service sector through examining some organisations. This study contributes to understanding the performance of the organisation and prefers important recommendations to improve the general level of organisation performance in social capitals aspect. The study addresses to the important effect of social capital and performance developing because many organisations are wanted to get a maximum level of social relationships with the high performance. However, there is no study that has been done in the workforce of social capital and organisations performance effectively in the area. The findings of this study will be a second-hand source for the future similar studies. As far as it is known, there are many studies about the role or/and the effect of social capital on organisational performance, so this study can improve and developing organisations performance through social capital dimensions. That is why a current study can be a practical significance for future similar academic studies, managers and employees to see the connection and the impacts of social capital on operational performance of the organisations. At the end, it's expected that this study encouraging students or managerial levels to search more about this topic due to the big significance and increasing productivity and achieving

performance via social capital channels, in another word; social capital helps to make a greater efficient by changing the input to outcomes of products.

1.3. The Purposes of Study

The aim of this study is to give an understanding of the impact of social capital as a specific factor to develop commercial banks operational performance. There are various factors that can affect the organisation performance, but in this study, only the most important and common factors will be analysed, and then focus will be narrowed down and channelled toward social capital and its impact on organisational performance. One of the desirable objectives of this study are when anybody reads till the end, he/she is expected to be able to recognise the dimensions of social capital and understanding the main factors affecting the commercial bank's operational performance.

1.4.Research Question

With respect to the above explanation, it can be said that the study emphases on the important aspects by asking the questions below.

How does social capital dimensions (relational capital, structural capital and cognitive capital) affecting to develop the commercial bank's operational performance?

1.5. Study Conceptual Scheme

In accordance with the literature reviewed a conceptual scheme designed for the current study. The purposes of the study are to discover the effect of social capital on operational performance development of the commercial banks in Erbil-Iraq, which gives an existing of the foremost models related to the variables of the study and the relationships among them. Subsequently, the conceptual scheme and hypotheses explaining the impact and relationship between these study variables are illustrated in Figure 1.1.

Independent variables
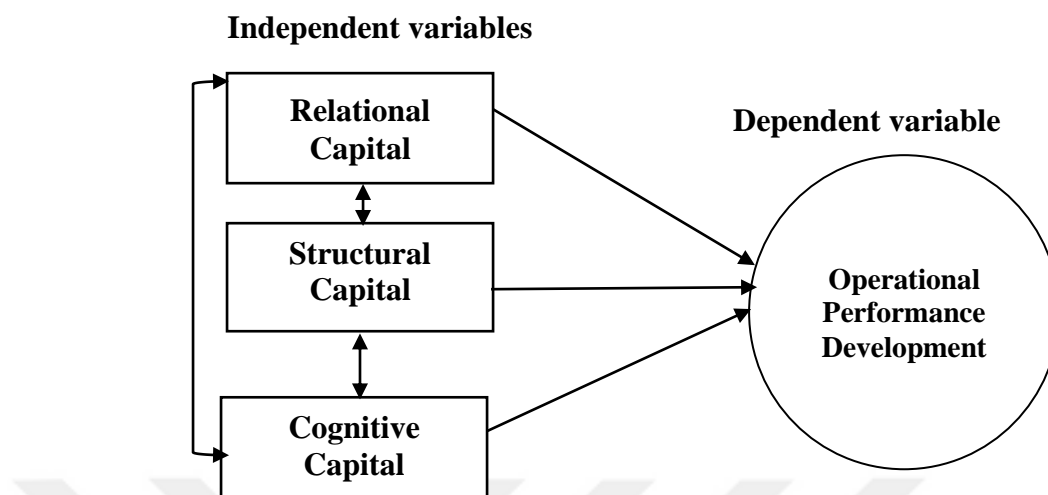
**Figure 1.1: The conceptual Scheme of the study - Developed by
researcher based on literature.**

1.6. The Study Structured

In order to achieve the study purposes, this study is structured into six sections. Section one is an introduction, which includes, the general information, the problem statement of the study, the significance of the study, the purposes of the study, Research question and conceptual scheme of the study. While section two of the study reviews the literature relevant to the study topic as it addresses the social capital. Section three discusses the operational performance development.

In section four the methodology of the study is defined, as it describes the study method, sample selection and sample size, measurement, data collection methods, reliability and validity test, Construct validity, data analysis and the limitation of the study. Then section five obtains the findings of the data analysis. Finally, in the last section, the conclusions of the findings are presented along with recommendations, practical implications, and suggestions for future studies.

CHAPTER TWO
SOCIAL CAPITAL

2.1. Introduction

In recent years, many arguments about social capital have been taken by those relating to operational performance. Social capital is one of the main topics that always have been argued, and it's one of the efficiency issues in the organisation. It's clear that every single organisation working hard to achieve a high level of relations in order to have a healthy relationship between the individuals because it's a good factor to give a better looking and value to the organisation. In this chapter is explaining the background and literature review of social capital. However, in the same chapter is defining three dimensions of social capital and explaining according to the scholar's studies.

2.2. Definitions of Social Capital

Social capital is a vague term with a rapid and huge rising in literature. Theoretical definitions of social capital remain as a complex concept and sometimes refer as an umbrella term. The earliest scholar who used social capital returns to (Hanifan, 1920), after that discussed in the study of (Jacobs, 1961). However, social capital explained more in a modern way by (Hannerz, 1971). From 1980 scholars deeply focusing on social capital and has been explained as a social dynamics and intangible resource in the organisation that is why can't imitate it or hardly can be imitating. In the old studies, there are many descriptions of social capital but for this work will highlight some of them.

According to (Coleman, 1988) explains social capital in many ways such as; Social capital is a way to receive the outcomes easily or without it maybe gets at a higher cost. Social capital can't be imitating but may imitate a specific action for the same activity. Social capital may be not given the same valuables for all the facilities even it can be harmful. In a production line social capital physically involves changing materials to the ready products so it gives value innovation and stability to the organisation. Social capital can appear at all levels of the organisation and make a

relation between individuals, groups, and society. Social capital in productive; talks that social capital is a magic source, that (obligation, expectation, trustworthy, channel sources and effective outcomes) can achieve from the relation of social capital in the production processes (Coleman, 1990). Social capital mentions as a skill of organisation to keep profits from different activity in economic performance (Hughes, 2011). Social capital is the indicator for the individuals: this is the useful source that occurs in the society, family, and organisation to improve the individual relations to better and healthy environment (Silkoset, 2013). In spite of, social capital can make a unity inside organisations and make a relationship between individuals also sharing the same information and knowledge to the other organisations (Reagans & Zuckerman, 2001).

The most known scholar is Robert Putnam; he gave many discussions, improvements and criticised social capital more than other scholars. He argues that social capital can be achieved in two sources: first social capital as a closed structure and second social capital as a bridge. Structure refers to a strong ties in the local circumstances and with the great level of joining, the results multi-functional based on trust, this is entering of the group of people that they are at the same level to exchange information with the other group from external of organization to the understanding, evaluating of new changes or technologies (i.e. it's a relationship that has horizontal network) (Onyx & Bullen, 2000).

Furthermore, bridge resource occurs between different actors or group of people throw weak ties to share information, provide knowledge and find jobs from other organisation (Onyx & Bullen, 2000). Putnam (1995) says that social capital is the base of political and sociology when is clarifying and separate trustability among individuals and groups. Also, he put social capital as a network of an organisation to separate trust and increase mutual benefits which are affecting the value of organisations (Putnam, 1995). Social capital creates a social network that focuses on achieving competitive advantage for the organisations (Cary, 2011; Koka, 2008). Although, social capital described as the mutual benefits of buyer-supplier also affecting the performance for both of the sides (Krause, 2007).

Social capital defined as is the actual source to collect and achieve from a network of relationship by individuals (Nahapiet & Ghoshal, 1998). Nahapiet & Ghoshal (1998) were investigated about social capital and put three dimensions such as relational dimension (trust, obligation, and identification), structural dimension (density, configuration, and information sharing) and cognitive dimension (mission and vision, general language, sharing codes, and understanding). Social capital put as assets and actual resource that can drive and embed from the networks (Bourdieu, 1986; Burt, 1992).

Social capital has been described as an important resource in the organisation that can create value and innovation to the firms. The scholars pointed out that social capital makes the changes in the operational performance of the firm. Furthermore, social capital is the main source with the help of tools and human capitals can make a competitive advantage also gives stability to the organisation.

2.3. Dimensions of Social Capital

Social capital occurs on many different levels and has various understanding in the organisation due to different components, so social capital considers as a reliable to express trustworthiness relationship networks. From the studying of Nahaphiet & Ghoshal (1998) is composed social capital to three dimensions for expressing the level of individuals and groups in the organisations and linking all to the social networks. The three dimensions are a relational dimension, structural dimension, and cognitive dimension.

The first dimension belongs to trust, expectations, and duties, which shows the quality of the employees and build a concrete environment for making a relationship. The second dimension refers to the structure of the organisational, density between employees, hierarchies organisation connected to access to the intellectual benefits with the others. The last dimension is based on the general language, understanding, knowledge, mission, vision, goal and value of the organisation (Nahapiet & Ghoshal, 1998). Here forwarding to explain and illustrating of social dimensions to understand the degree of social capital to develop the operational performance in the organisation such as:

1. Relational Capital determining the level of trust.

2. Structural Capital determining the existing of density ties and information sharing.

3. Cognitive Capital explaining the mission, and value.

2.3.1. Relational capital

Relational dimension of social capital compare as the strong ties, strong ties are the base of trust, so it can separate knowledge and share of high-quality information in the organisation. Social capital refers to "actor bonds" that trust and trustworthiness are the key terms of the organisation (Hankansson & Senehota 1995). They extend relational capital describes the level of exchanges between employees and partners increases, establishing an organisational system (Nelson & Winter, 1982). Relational dimension of social capital explains as an individual channel relation among peoples has improved between each other via long history events (Granovetter, 1992).

(Granovetter, 1973) Compare relational capital as a power relationship of employees with each other. Scholars explain that partners with their experience can increase expectations of trust and create a cycles relationship among evolves (Doz, 1996). However, social capital is imagining as a number of relations that actors can create (Burt, 1997).

Previous researchers showed that trust keeps the length of the relationship between the partners and organisations (i.e. trust makes the firm and partners to work together for the longer period of time) (Helper, 1991). Furthermore, it showed in the history that operation between organisations based on trust can achieve advantages with no regret of consequences (Parkhe, 1993). From repeating relations between partners and organisations will reduce formal contacts and ensuring the performance (Zaheer, 1995). Although it mentioned as a relation which occurring within the groups of people such as friendship and good regards that affecting their behaviour.

When an organisation has relational capital between the actors positively affecting the people and brings values to the organisation. For example, some employees working together and moving the organisation without counting economic commission and sharing the ideas so easily can move careers and grow in their

organisation these are all due to the relational connection between actors. From the scholars relational capital expressed in different ways such as; identity and identification (Hankansson & Senehota, 1995), Obligation and expectations (Coleman, 1990; Burt, 1992).

2.3.2. Structural capital

Structural dimension refers to a linkage between the actors or units in the organisation. The term is focusing on actor's connection with the other actors in different ranks of the organisation; it is to measure the strong ties between the actors. Structural capital explained as a network configuration and/or information sharing to show density, connectivity, and hierarchy between the actors and organisations (Nahapiet & Ghoshal, 1998). Previous researchers argued that sharing the target of organisation with the social capital can build 'appropriate practices' between organisations and it explains that practice in the events may be sharing common info of tacit knowledge (Bessant, 2003). In the literature described information sharing as "the degree to which each party discloses information that may facilitate the other party's activities" (Heide & Miner, 1992).

Krause talks about the visiting between departments or organisations to can make a "direct involvement" and understanding more about each other's that can develop organisations activity (Krause, 1998). In spite of, through the direct involvement can matching the products with the demands of the users via exchanging of information. Structural dimension refers as a working map for the actors to contact with whom and how in order to get or give information (Vera-Toscano & Canadas-Reche, 2013).

Hansen (1999) suggests that strong ties arranging a better situation for exchanging ideas and complex issue and it can make a suitable environment. It imagines as a number of connections that actors making (Smith & Clark, 2005). Structural is a network that has used to get the target goal, which can be expected to get the greater effect than other forms of unity, explains the level of organizations density with the others especially customers can achieve value to the organization

because they can make a fed back on the products and leaves their opinion to make a better performance (Coleman, 1988).

The diversity of connections and density are giving stability to individuals and groups (Inkpen & Tsang, 2005). Stability is the significant principles to make the organisation lives with the high performance and this is the base of the density, information sharing of social capital.

2.3.3. Cognitive capital

Nahapiet & Ghoshal (1998) defined cognitive capital as sharing mission and vision of the organisation between employees, this is a way to reach the social capital and all of the employees know what is the exact job is to do. He mentions as a general language for the actors to understand each other' in the organisation (Nahapiet & Ghoshal, 1998).

Cognitive capital described by (Inkpen & Tsang, 2005) which goals and cultures are the base elements of cognitive capital. According to their study, goal is sharing when members of the organisation have a common understanding also trying to achieve same outcomes and actions. When mission, vision, goal, and values sharing inside the organisation then evaluate with the external organisations this is a good factor to get a greater result, however increasing the social capital interact and better level of understanding (Weick, 1995). Also, it refers as a channel to share information and true values about their activity between actors and participate intellectual ideas (Tsai & Ghoshal, 1998). Cognitive is telling honest actions that going surround their activity also gives a value to the organisation (Orr, 1990).

CHAPTER THREE
OPERATIONAL PERFORMANCE

3.1. Performance Background

In the business of management, organisational performance is linking with the high return of profitability of organisation (Koufopoulos & Motwani, 2008). Performance is existing to transfer complex materials to the ready products or transferring services that can be related to the same activity (Lebas, 1995). Performance works with all the activity in order the outcomes be efficient and effective (Neely et al., 2005).

Also in the managerial side organisational performance explained to determine the objectives of the organisation (Bititci et al., 1997). However, operational performance explained as any action from organisations to develop performance, skills, or size of the organisation (Krause, 1998). Recently researchers have well defined high performance in the organizations in terms of relation and knowledge sharing that is helping to organize tasks and range of profits, advantage, staffs delight in, ranging from career advancement, business rotation, flexibility, and autonomy, this is a concept to create value and forwarding organizations to achieving competitive advantage (Clark, 1991).

3.2. Organizational Performance

Organisational performance is one of the key concepts that have been argued a lot, and one of the permanent (long-term) subjects in the organisation. In spite of, all of the organisations are working hard to record a high level of business performance. According to (Sanders, 2008), operational performance provides the strategic performance of organisations by gaining long-term issues such as entering a new market, innovation in products and competitors. The goal of operational performance in the organisation to get a competitive advantage that can turn primary performance goal to the organisation (Hayes, 1984).

Operational performance of the organisation defined in term of cost performance, quality performance, delivery performance, flexibility performance and

innovation performance (Cousins, 2006; Lawson, 2008; Ward, 1998). However, Sanders (2008) thinks that performance has a heavy benefit for the suppliers and buyers because it gives value to the organisations with the capability to suit organisation with the demand of customers, moving with the new products and many different environments. Many studies composed on the value creation that does not belong to the specific company or specific job but it involves with all the levels of business management and organisation process (i.e. suppliers and buyer are make mutual role to make a value creation) (Stevens, 1989; Tan, 1998).

The study that has been made by (Cary, 2011) of the large organisations in the UK, he found that social capital positively affecting the operational performance such as cost and innovation. However, the difference in performance between organisations it may effect on their capability for existing social capital (Nahapiet & Ghoshal, 1998). Many different indicators can measure organisational performance, but in this study showing five of them such as (cost performance, quality performance, delivery performance, flexibility performance and innovation performance). These indicators need to be taking care from the management because they contributed to the success of the organisational performance.

3.2.1. Cost performance

To achieve competitive advantage in the organisations have to reduce their costs for their ready products in order end users can receive at a reasonable or low price (MacDuffie, 1995). Cost performance defined as the cost of products[2] including a number staff, training, materials, production, capacity, services, and inventory reducing (Krause, 2007).

When the organisations are reducing their cost the benefits must be going to the customer that getting products at a lower price and gives a value to the organisation as it investigated by (Clark, 1989; Human & Provan, 1997; Turnbull, 1992). In the trade sector, literature argued about the effort of organisations to reduce the cost trying to get materials from different suppliers or sources or make a network with many customers (Dawson, 2001).

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[2] Products put as product and services, (i.e. tangible and intangible)

3.2.2. Quality performance

Quality performance is offering high performance, trustable and durable products that satisfy end user needs or requirements (Koufteros & Lai, 2007). Organisations are focusing on quality since the 1980s; when a significant gap occurs between Japanese and U.S manufacturers (Daniel et al., 2006). The quality of product and service consists of features, availability of maintenance, conformance, and reliability and meet customer requirements (Garvin, 1987).

In spite of, sometimes quality makes a problem for the employees due needs of high technique or training that may create a misunderstanding and complexity for the buyers, so at the end is delaying the process (Human & Provan, 1997). Different of suppliers and customers with several of resources are affecting the quality of final product or services (Krause, 2007).

3.2.3. Delivery performance

Suppliers have a big role to deliver products to the customer as promised (Garvin, 1987). According to Wheelwright (1984) delivery performance has two dimensions such as speed and reliability. Speed is more belong to the short delivery times while reliability depends on the supplier's capability to provide products as it was assured (Wheelwright, 1984).

3.2.4 Flexibility performance

Organisations are generally trying to be ready to face unexpected environments by increasing flexibility. Flexibility is an ability of the organisations to arrange products and services in term of different volume of quality and quantity (Wheelwright, 1984). Managerial of the organisation has to be ready to meet any changes in the customer requirement, so it's an ability by the organisation to join in any level of customer demand to occupy and filling their requirements (Jones, 1997). Organisations flexibility consists of some components such as quality, delivery, reliability, and flexibility (Dyer, 1996a; Meredith, 2000).

3.2.5. Innovation performance

Innovation is the capability to produce or develop different or new products or services to the trade business. Besides of it, nowadays technology makes a big revolution in the production and servicing line, because of this is very hard or even impossible for some organisations to produce or develop new products (Koufteros & Lai, 2007). Capaldo (2007) investigated and talks about the importance of social capital component on developing of innovation (Capaldo, 2007).

3.3. Organisational Social Capital and Operational Performance

In the previous sections, the study recognised and defined the dimensions of social capital and also defined operational performance indicators. So in the following section, showing the role of each social capital dimension on the operational performances and testing them.

3.3.1. Relational capital connection with the operational performance

Some researchers suggested that trust is the main factor to increase the relationship between employees and connect the organisation with the others (Helper, 1991; Sako & Helper, 1998). However, in the history of social capital argues that cooperation between organisations will reduce their expectation of opportunism (Parkhe, 1993).

When trust is available to employees and partners can share experience and knowledge and make a cycle system for sharing information without scaring from each other's and developing the performance of the organisation (Doz, 1996). Researchers studied that cooperation within the organisation and/or with the other organisation increasing performance and gives higher frequency and stability (Heide & Miner, 1992). Moreover, (Helper, 1991), talks that organisations can be flexible and work for a longer period while relational capital build. In spite of, explained cost reduction is the main benefit that gets from the relational capital (Stuart, 1998).

The relational capital keeps cost low as much as possible because no need to monitoring everything due of trust between partners and employees, also increasing the desire to corporate and working for a longer time by making good quality,

flexibility and create new products (Kale & Perlmutter, 2000). Kale & Perlmutter (2000) argue about relational capital that takes other risks for the organisations to make a greater investment in order to achieve operational advantages.

Hypothesis1: *There is a positive relationship between relational capital and operational performance of commercial banks operating in Erbil city.*

3.3.2. Structural capital connection with the operational performance

Structural capital defined as a "direct involvement" that all activates happen between personals are face to face in the organization, existing personals in the organization is the main factor in developing operational performance because they are transferring and exchanging tacit and knowledge of the organization, so structural capital collecting or separating information and implicit understanding in the hierarchies levels of the organization (Lawson, 2008; Moran, 2005).

However, in every single organisation cost is the main indicator for profit measuring and performance success (Krause, 2007). Although, sharing information and knowledge between employees is a big power to improve results and decreasing costs in the organisation because for developing performances require more human capital and by building structural capital can be achieving high performance (Lawson, 2008).

The goal of all the organizations are to improve in quality, delivery, flexibility, and innovation, to develop these goals may attend more human interaction to discuss general and common ideas (experiences) which lead for clarifying of shared understandings of multiple information (Daft, 2010; Hansen, 1999; Thomas & Trevino, 1993). When structural capital build in the organisation in different levels can see unique opportunists that help to get various benefits and competitive advantages (Lawson, 2008). According to (Wee, & Wee, P., 2010) delivery is an important measure of performance, so structural capital can speeding the process in order to receive more profit for the organisation.

Hypothesis2: *There is a positive relationship between Structural capital and operational performance of commercial banks operating in Erbil city.*

3.3.3. Cognitive capital connection with the operational performance

Nahapiet & Ghoshal (1998) argued that cognitive capital is a source which offering to the parties general language, representation, and interpretations. Although they explain that it is a door to exchange and combine resources, to increase the value of the organisations by sharing mission and vision.

Therefore, when organisations have various ideas it can improve the quality and timelines which can concentrate on the necessary activities and share a general language to improve operational performance (Handfield & Nichols, 1999). However, when goals and vision are sharing among the employees can be expected to have a better value and improvements in the organisation, so it leads to achieving a bigger development in cost, quality, delivery and flexibility (Krause, 2007). In the other hand, when an organisation has a good value is an effective factor to improve innovation performance and getting a new services and/or idea.

Hypothesis3: There is a positive relationship between cognitive capital and operational performance of commercial banks operating in Erbil city.

CHAPTER FOUR
METHODOLOGY

This part is to show the methodology performed in this research in order to examine the effect of social capital on operational performance development of the commercial banks in Erbil. Accordingly, the chapter discusses the study method, sample selection and sample size, measurement, data collection methods, data analysis and the limitation of the study.

4.1. Study Method

The nature of this study requires two types of analysing which is a quantitative method and qualitative method. Quantitative method is using to in the research's that questioning people directly. This is a numerical data that collecting data and analysing the study, also its based more on the original plans and the outcomes of data are more readily and easier to interpreted (Hughes, 2011).

According to this explanation shows that quantitative method is easier for analysing numerical data than any other method, and it relates a large amount of data and numbers. A possible method for this study is quantitative. Quantitative method used in social science studies and natural studies as well through collecting numerical data and analysing results. The reason for using this method to give a value of this study and be more reliable result, survey might be in many different banks, also data will be collecting from different bank managers, middle managers and administrative staff for having many samples and gathering reasonable data which are be dependable or/and reliable for answering the research questions and also another reason that needs a shorter time because senior manager, middle manager, and administrative staff are going to answer the questions so they are very busy people and form questions will take just less than five minutes.

Qualitative method is totally opposite of quantitative method because, it describes the persons and events without having any numerical data, and it takes a longer time to collect data and is more based on the experience (Hughes, 2011).

In this study, data are collecting by using the quantitative method and it will be a survey questionnaire. Quantitative method is a numerical data that analysing the results through excel program and charts or using mathematical equations.

4.2. Sample Selection and Sample Size

To reach the purposes of the study the question samples are playing a big role in the result. The samples are putting according to the study goal and research purpose. The samples are using in this study will be about the effect of social capital on organisational operational performance. Commercial banks operating in Erbil will be tested because, their characters have a big influence on the performance of the bank such as (trust, information sharing, and sharing mission and value) have an important role on (performance development).

In the bank senior managers, middle managers and administrative staff are selecting for answering questions of the questionnaire samples because they have a general information about the level of social capital in their organisation also they know the degree of their performance and normally comparing with the other organisations in the area. (36) private international banks are working in Erbil city and according, to the guides of the academic people from Salahaddin university that (100-150) respond samples be enough to can measure the result. However, after visiting all of the banks in Erbil just (24) banks gave permission to respond the question and also they decided about the number of the forms according to their number of the staff administration, middle manager, and senior manager.

In spite of, (140) forms separated on the (24) banks and after two days of waiting just, (111) forms came back while they didn't return (29) forms. The result of the sample size will be (111) samples, and collecting data will be sufficiently adequate for the whole cities because the survey is based on convenience sampling and the collected data is from (24) commercial banks all operating in Erbil. The style of samples tried to be as much as easy to understand in order that those people are answering the questions not face any difficulty or any misunderstanding. Appendix (3) clarifies the study population and sample.

4.3. Measurement

4.3.1. Conceptualization of independent variable (Social capital dimensions)

4.3.1.1. Nominal definition

Social capital has been defined as an actual source to collect and achieve from the network of the individual's relation (Nahapiet & Ghoshal, 1998). Social capital refers as " trust, performance development, information sharing, vision and value". The definition has all explained by the scholars in order to give a higher value to the organisations.

4.3.1.2. Operational definition

From the definitions have been explained the indicators below that will be measured the independent variable of Social capital:

1- Trust
2- Performance development
3- Information sharing
4- Vision and value

4.3.1.3. Operationalization of independent variable

The above indicators will measure the level of social capital in the organisation by applying survey numerical data (quantitative method) and using the following questions. For each of the questions was measured with the scale of five points, where 1 indicates as " strongly agree", 2 indicates as "agree", 3 indicates as "neutral, 4 indicates as"disagree", and 5 indicates as "strongly disagree".

1- The first indicator "Relational capital" will be measured by asking the following questions.

Table 4.1: social questions for the trust indicators of survey data

Trust	1- There is a high level of trust between commercial bank's top management and staff.
	2- There is a high level of trust between bank's staff.

	3- I can rely on the employees who work with this bank.
	4- Employees in this bank show a great deal of integrity.
	5- Overall, employees at this bank are trustworthy.

2- The second indicator "Structural capital" will be measured by asking the following questions.

Table 4.2: social questions for the performance development indicators of survey data

Performance development	1- Coordination and joint working with other departments is a major part of our approach to the commercial bank's services.
	2- Cross-departmental/cross-cutting working is important in driving service improvement.

3- The third indicator "Structural capital" will be measured by asking the following questions.

Table 4.3: social questions for the information sharing indicators of survey data

Information sharing	1- Commercial bank's employees engage in open and honest communication with one another.
	2- Employees willingly share information with one another.
	3- Employees at this bank keep each other informed at all times to reach the high level of performance.

4- The fourth indicator "Cognitive capital" will be measured by asking the following questions.

Table 4.4: social questions for the vision and value indicators of survey data

vision and value	1- I'm sharing the same ambitions and vision for the bank.
	2- There is a commonality of purpose among employees at this bank.
	3- We are in this bank committed to the goals of the bank.
	4- It's expected that values and objectives are clearly and widely understood and owned by all staff in the bank.

	5- The authority concentrates on achieving its values and objectives.
	6- It's expected that we keep each other information about events or changes that may affect to the bank.

4.3.2. Conceptualization of dependent variable (Operational performance)

4.3.2.1. Nominal definition

"An analysis of a company's performance as compared to goals and objectives. Within the corporate organisation, there are three primary outcomes analysed: financial performance, market performance, and shareholders performance" (Business dictionary).

4.3.2.2. Operational definition

From the definitions have been expected that every single organisation wants to reach a high level of performance. Organisation performances can be measured with a good earning and good return of profit margin. For measuring the bank's performance was very hard to get the margin profit of the banks and they didn't give any information about it. It's clear for achieving such a good profit needs a large number of customers. However, for this study collecting operational performance with the number of customers because every single bank wants to have a lot of customers to earn a good margin so to get this profit they need to reduce their cost, increasing quality, delivery, flexibility and innovating in their services. For measuring performance in this study putting the below indicator for the dependent variable of the operational performance of the organisation, but another problem occurs with this indicator that the response wasn't ready to give any data about the number of their customers just mentioned that the rate of their customers getting higher from the last three years ago, that is why we couldn't analyze the data of this scale:

- Number of customers

4.3.2.3. Operationalization of dependent variable

The above indicator will measure the level of operational performance on the organisation by applying survey numerical data (quantitative method) and using the

following questions**.** For the question below was measured the number of the customer from the last three years ago measured with the scale of five points, where 1 indicates as " 1000-1500", 2 indicates as "2000-2500", 3 indicates as "3000-3500, 4 indicates as"4000-4500", and 5 indicates as "5000 and more".

Table 4.5: social questions for the OP –indicator of survey data

Number of customers	1- Increased rapidly in the last three years.

For each of the questions below was measured with the scale of five points, where 1 indicates as " strongly agree", 2 indicates as "agree", 3 indicates as "neutral, 4 indicates as"disagree", and 5 indicates as "strongly disagree".

Table 4.6: social questions for the OP –indicator of survey data

	By increasing the number of our customers has helped to….
ORG Performance Indicators	1- …..Lower the total cost of our bank.
	2- …..Reduce our service cost.
	3- …..Improve our bank's service quality.
	4- ….speed appropriate times of transferring funds to the bank, locally and internationally.
	5- …..Increase the reliability of our bank.
	6- … Change the possibility of the volume of bank's service.
	7- …..Improve our bank flexibility.
	8- …..Increase new offers and innovating in our bank.

4.4. Data Collection Methods

The collecting data of this study is used the survey questionnaire in order to get a lot of people and to have an accurate result. For collecting data of the quantitative method were used convenience sampling for the survey. Usually, in the quantitative method are using mathematical procedures or computer programs and

crafts for analysing the data because for the reader interpreting the results will be easier for understanding (Jackson, 2008). The advantage of using this survey which can get results faster than some other methods like experimental, case study method that needs a huge amount of data that have to collect by the researcher, however collecting data is cheaper than other methods. According to (Jackson, 2008) was explaining the disadvantage of quantitative methods that might be low trustability from the answering of questions because the participates might be not read the questions and randomly select the answers. In spite of, for getting a good result needs good and meaning full questions, so if the survey questions are poor the received answer get a poor signal. In this study is using the quantitative method because in a short time and in the easier way can collecting data, also in the form will not write any name of the participates so it's a good factor to choose the most acceptable answer.

Another important factor is this method not take a lot of time of the participates in a very short time can select one of the answers. In this study there are some problems might be facing about the random answers from the participates and maybe not select the logical answer, so to avoid this problem in this study tried to choose the right person and give the questions to different banks in order to get the right signal. In the top of the questionnaire form wrote a general information to the participates that can choose the most confidential answers and feel secure because their names do not mention in the questionnaire form and also their answers will not use for any educational purpose. So the questionnaire arranged in a different form: the first section of the questionnaire which included Five demographic questions Gender, Age, and Academic Degree, Position in the Bank, and the Overall Job Experience). While the second section of the Scale belongs to the Social Capital (Michele Tantardini & Alexander Kroll, 2015). Finally, the third section involved the scale of operational performance (Daniel R. Krause & Tyler, 2017).

Appendix (1) demonstrates the survey questionnaire form.

4.5. Reliability and Validity

As showed in a table (4.7) the survey questionnaire reliability was tested to assure the quality of the collected data. And for the purpose of this study, Cronbach's alpha was administrated to test the stability of the scale, which stated how well the items measuring, and its score for the social capital dimensions was (0.881, 0.806 and 0.782) respectively. The operational performance development was (0.712), which showed a great level of internal stability in the total set of objects of the survey. Therefore, the survey used to gather and could be reflected extremely reliable.

Table 4.7 Reliability Statistics

Variables	Cronbach's Alpha	No. of Items	N	%
Relational Capital	**0.881**	5	111	100.0
Structural Capital	**0.806**	5	111	100.0
Cognitive Capital	**0.782**	6	111	100.0
Operational Performance Development	**0.712**	9	111	100.0

Consequently, the validity of the scale was tested through a range of ways. That almost all of the statements in the scurvy scale were reformed from similar analyses that were previously validity verified, but as some of the statements were restructured the researcher tested the validity of the questionnaire scale by making it tested and evaluated by experts who are called content or face validity, appendix (2) revealed experts of questionnaire form.

4.6. Construct Validity

It can be seen clearly in the Table (4.8) the results of construct validity, concerning to the significance in relationships between variables items, researchers conventionally test relationships through correlation matrix and consider those producing a P-value below 0.05 to be significant, So, as revealed in Table (4.8), that has been presented all the relational capital items as first social capital's dimension were correlated and significant ($p<0.01$), so, (X_1) strongly correlated to itself, and for other two social capital's dimensions structural cognitive Capitals almost all items

positively correlated to each other, (p<0.01, and p<0.05), and (X$_6$), (X$_{11}$) as the first items of the two components strongly and positively correlated to themselves. Further, most operational performance items, were significant (p<0.01), except (Y$_2$) and (Y$_6$), (p>0.05), however (Y$_1$) strongly correlated to itself. Hence, it means there are a lot of relations between questionnaire items and factors.

Table 4.8: Correlation Matrix between items and factors

Factors	Relational Capital	Structural Capital	Cognitive Capital	Operational Performance
X1	1.000** .			
X2	.759** .000			
X3	.466** .000			
X4	.481** .000			
X5	.420** .000			
X6		1.000 .		
X7		.366** .000		
X8		.374** .000		
X9		.412** .000		
X10		.447** .000		
X11			1.000** .	
X12			.219* .021	
X13			.251** .008	
X14			.240* .011	
X15			.423** .000	
X16			.253** .007	
Y1				1.000** .
Y2				.179 .061
Y3				.823** .000
Y4				.267** .005
Y5				.310** .001
Y6				.151 .115
Y7				.353**

				.000
Y8				.268**
				.005
Y9				.281**
				.003

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).
c. Listwise N = 111

4.7. Data Analysis

The parametric statistical analysis was used to examine the proposed study hypotheses. Hence, Reliability of the variables and Construct validity have been applied to check the reliability of the variables and showing the relationship between the factors also clarify the association between social capital variables and operational performance development measures by observing the effect of certain variables. Consequently, the descriptive statistics were used that quantitatively define the significant features of the variables using mean, standard deviations and found out the rate of the importance of the variables.

Besides the ANOVA test according to the demographic data for the variables have been applied after that, correlation matrix test between the variables was applied to classify the impact of the independent, dependent variables using Regression analysis coefficient tests. The tests conducted through SPSS software and the outcomes were offered using tables.

4.8. The Study Limitation

The study limitation distributed to the limits as follows:

Frist, the space limitations, the study items have been used on a field of commercial banks operating in Erbil to find out the effect of social capital on organisation operational performance. Second, time boundaries: indicated by the period of the study smeared to these commercial banks in questions, which started through preliminary visits to commercial banks operating in Erbil, to categorise the study questions and questioning the leaders to deliberate their views and ideas about the study and its purposes.

Moreover, dispensing the questionnaires and then bring them back. Finally, the human limitations: that includes human boundaries to look at the banks' managers of a sample which are commercial banks.

CHAPTER FIVE

DATA ANALYSIS AND RESULTS

This aims of this chapter are to illustrate a descriptive statistics for the demographic information collected from the respondent's commercial banks in Erbil. The demographic data comprises of frequency distributions. While, the second part statistical outcomes from the data examination are offered by testing descriptive statistics, ANOVA, correlation and regression analyses.

5.1. Description of the Demographic Data

The demographic data elaborated in the study were together to deliver a solid demonstration of the sample in the study. The below demographic data was gathering: Gender, Age, and Academic Degree, Position in the Bank, and the Overall Job Experience of commercial banks. As presented in a Table (5.1).

Table 5.1: Frequency table for the demographic data

Valid	demographic data	Frequency	Percent
Gender	Male	54	48.6
	Female	57	51.4
	Total	**111**	**100.0%**
Age Groups	25-35	36	32.4
	36-45	47	42.3
	46-55	20	18.0
	56 and above	8	7.2
	Total	**111**	**100.0%**
Academic Degree	Bachelor	95	85.6
	Master Degree	15	13.5
	Ph.D.	1	0.9
	Total	**111**	**100.0%**
Position in the bank	Senior Manager	9	8.1
	Middle Manager	49	44.1
	Administrative staff	53	47.7
	Total	**111**	**100.0%**
Overall job experience	1-5	34	30.6
	6-10	33	29.7
	11-15	32	28.8
	16-20	12	10.8
	Total	**111**	**100.0%**

As indicated in the table (5.1) there were male administrators constituted 48.6% or (54) individuals of the sample comparing to 51.4% or (57) female administrators. And the frequency of participant's ages, 42.3% or (47) individuals were aged between 36-45 years old, while 32.4% or (36) individuals were aged 25-35 years old; besides 18% or (20) aged 46-55 years; however 7.2% or (8) individuals of the total survey were aged 56 and above.

As given in table (5.1) the frequency of participates relating to their Academic Degree, it was presented that of the total survey: 85.6 %, or (95) bank's managers were Bachelor Degree owners; while 13.5% or (15) individuals of the respondents were Master Degree holders. Besides, 0.9% or (1) manager was the PhD owner. From the same table (5.1) presented that most of the commercial bank's managers who contributed to the survey were in position the administrative staff at a rate of 47.7% or (53) individuals and least of them were a senior manager at a rate of 8.1% or (9) individuals. Besides, 44.1% or (49) of the total sample were middle managers.

However, the respondents overall working experience, it was presented that of the total respondents: 30.6% or (34) individuals were between 1-5 years' experience, while the lowest 10.8% or (12) individuals of the group between 16-20 years, accordingly, 29.6% or (33) individuals were between 6-10 years' experience. Furthermore, 28.8% or (32) individuals were overall's job experience between 11-15 years.

5.2. Descriptive Statistics of the Study Variables

This section examines the study variables, hence, these certified on participants answer to rate the significance of the social capital dimensions as; (relational capital, structural capital, and cognitive capital) and organisations operational performance development on five- point Likert Scale. However, descriptive statistics applied to quantitatively which explains the essential features of the variables using mean and standard deviations were used to test the significance of each item as being qualified for analysis.

As shown in a table (5.2) the results of descriptive statistics mean and standard deviation for the independent variable social capital, scores (4.222 and 0.5156) respectively. That means, 84.4% of the whole responses stated that Social Capital as a study independent variable significant; although 15.6% specified that this variable not important.

Table 5.2: Descriptive statistics of the Variables and dimensions

Variables and dimensions	Items	N	Mean	Std. Deviation	Rate of the Agreement	
					agree	*Disagree*
Social Capital	16	111	4.2224	.51564	84.4%	15.6%
Relational Capital	5	111	**4.2865**	.62121	85.7%	14.3%
Structural Capital	5	111	4.2036	.56824	84%	16%
Cognitive Capital	6	111	4.1847	.54093	83.6%	16.4%
Operational Performance	9	111	3.9069	.47391	78.1%	21.9%

From the same table (5.2) we can see that the mean scores of the relational, structural and cognitive Capitals (4.286, 4.203 and 4.184) respectively, and standard deviation scores (0.6212, 0.568, and 0.540) respectively, although (85.7%, 84% and 83.6%) respectively of the total responses indicated that commercial banks' relational, structural and cognitive capitals important, although (14.3%, 16% and 16.4%) specified that these dimensions weren't important.

As seen in above table the mean and standard deviation scores for operational performance development were (3.906 and 0.473) respectively, though 78.1% of the total responses stated that operational performance development was important, besides 21.9% of the responds sample didn't agree.

Consequently, beyond the table (5.2) showed the descriptive statistical analysis of social capital responses and its dimensions namely; relational, structural, and cognitive capitals. Furthermore, it possessions that all the dimensions of social capital will impact on operational performance development of the commercial banks in Erbil. Hence, the variables of relational and structural capitals respectively the most important feature motivating to an effect on operational performance

development with rates of (85.7% and 84%) respectively agreement on both. While cognitive capital scored the lowest important influence with a rate of (83.6%) covenant.

Percentage of agreement or (Rate of agreement)

$$^{*}\textbf{Rate of agreement} = \frac{\textit{Mean*100}}{\textit{5 (Five- point Likert Scale)}} \qquad (1)$$

In the same table (5.2) which is showing a rate of the agreement that has been found by using the equations above in order to measure the significant rate (agree or disagree) of each component from the responds state. In the questionnaire form there are five indicators (strongly agree, agree, natural, disagree and strongly disagree) that refer to a (100%, 80%, 60%, 40% and 20%) respectively, and while there is five Likert scale means the total is 100% so by using Eq.1. Can see the rate agree and/or disagree of the components from the responds point of view (Decker, 2017).

5.3. ANOVA Test According to the Demographic Data for Variables

As presented in a table (5.3) the ANOVA was used to determine if there is a significant difference among the responses of commercial bank's managers with differences (gender, age, academic degree, position in the bank, and the overall job experience). Also, a t-test is used to decide whether there is a significant difference between two sets of scores. And these significance results tell us that there isn't the significant difference in the mean scores of the different groups toward the importance of the study variables, thus,

As revealed in the table below (5.3), ANOVA results indicate that for all demographic data in regards the social capital (p>0.05), besides, t-test results showed that there isn't a significant difference between scores. So, there isn't a difference in the scores between male and female managers, t (-.348; p0.729> 0.05) as well for other groups (p>0.05). However, the results of operational performance clarified that there isn't statistically significant difference between responses regarding the demographic differences, (p>0.05), and there isn't a difference in the scores between male and female managers to the operational performance items, where t (.099; p.921>0.05). As shown below.

Table 5.3: ANOVA Test Results According to the Demographic Data for Variables

Social Capital		Sum of Squares	DF	Mean Square	F	Sig.	t	DF	Sig.
By Gender									
	Between Groups	.032	1	.032	.121	**.729**	-.348	109	**.729**
	Within Groups	29.215	109	.268					
	Total	29.248	110						
By Age Groups									
	Between Groups	.408	3	.136	.504	**.680**			
	Within Groups	28.840	107	.270					
	Total	29.248	110						
By Academic Degree									
	Between Groups	.227	2	.113	.422	**.657**			
	Within Groups	29.021	108	.269					
	Total	29.248	110						
By Management Position									
	Between Groups	.442	2	.221	.828	**.439**			
	Within Groups	28.806	108	.267					
	Total	29.248	110						
By Overall Job Exp									
	Between Groups	.265	3	.088	.326	**.807**			
	Within Groups	28.983	107	.271					
	Total	29.248	110						
Operational performance									
By Gender									
	Between Groups	.002	1	.002	.010	**.921**	.099	109	**.921**
	Within Groups	24.702	109	.227					
	Total	24.705	110						
By Age Groups									
	Between Groups	.475	3	.158	.700	**.554**			
	Within Groups	24.229	107	.226					
	Total	24.705	110						
By Academic Degree									
	Between Groups	.019	2	.009	.041	**.960**			
	Within Groups	24.686	108	.229					
	Total	24.705	110						
By Management Position									
	Between Groups	.198	2	.099	.436	**.648**			
	Within Groups	24.507	108	.227					
	Total	24.705	110						
By Overall Job Exp									
	Between Groups	.522	3	.174	.770	**.513**			
	Within Groups	24.183	107	.226					
	Total	24.705	110						

5.4. Correlation Matrix between Variables

As revealed in a table (5.4) the correlation matrix tests clarify that all study variables correlated to each other where ($p<0.05$). However, the social capital significantly correlated with the operational performance (**r**= 0.491; $p< 0.05$).

Also, relational, structural, and cognitive capitals positively correlated with the operational performance. Furthermore, table (5.4) explains that relational capital, structural capital, and cognitive capital, through (r=0.595, 0.590 and 0.394) respectively, have strong positive correlations with operational performance, where a

p-value of (0.000, 0.000 and 0.000) respectively, that all less than (0.05). Therefore, the hypotheses (*H₁*, *H₂*, *and H₃*) could be accepted.

Table 5.4: Correlation Matrix Between Variables

			Social Capital	Relational Capital	Structural Capital	Cognitive Capital	Operational performance
Correlation	**Social Capital**	Correlation Coefficient		.828**	.853**	.879**	**.491****
		Sig. (2-tailed)		.000	.000	.000	.000
	Relational Capital	Correlation Coefficient			**.595****	**.590****	**.394****
		Sig. (2-tailed)			.000	.000	.000
	Structural Capital	Correlation Coefficient				.633**	.430**
		Sig. (2-tailed)				.000	.000
	Cognitive Capital	Correlation Coefficient					.442**
		Sig. (2-tailed)					.000
	Operational performance	Correlation Coefficient	**.491****				
		Sig. (2-tailed)	.000				

**. Correlation is significant at the 0.01 level (2-tailed).

5.5. Regression Analysis of the Variables

As shown in Table 5.5 (**a, b**) this study tested a multiple linear regression analysis to examine the effect of the social capital dimensions i.e.; relational, structural and cognitive Capitals on operational performance development. The focus is on three dimensions of the social capital and they represent (0.228) of the operational performance development as described by the R Square. **Accordingly, this specifies that relational, structural and cognitive capitals interpretations for 22.8 % of the operational performance development of commercial banks in Erbil**, as showed in the table below 5.5(a).

Table 5.5 a: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.478[a]	**.228**	.221	.41819

a. Predictors: (Constant), Social Capital
b. Dependent Variable: Operational performance

Table 5.5 b: F Test Significant of the Regression

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.643	1	5.643	**36.268**	**.000**[b]
	Residual	19.062	109	.175		
	Total	24.705	110			

a. Dependent Variable: Operational performance
b. Predictors: (Constant), Social Capital

From the above table 5.5 (**b**) the significance is (p< 0.05). **Thus, the model has it is statistical significance in estimating how social capital impact on operational performance development of the commercial banks in Erbil.** At the level of significance (0.05), the **F** calculated was 36.268, and **DF** (1, 109), which illuminates that the entire model was significant (p< 0.05).

Table 5.5 c: Regression Analysis Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	S. Error	Beta			Tolerance	VIF
1 (Constant)	2.585	.289		8.930	.000		
Social Capital	.439	.077	.478	5.680	.000	1.000	1.000
Relational Capital	.308	.067	.404	4.615	.000	1.000	1.000
Structural Capital	.347	.073	.416	4.778	.000	1.000	1.000
Cognitive Capital	.406	.074	.464	5.464	.000	1.000	1.000

a. Dependent Variable: Operational performance

As the outcomes presented in table 5.5 (**c**) illustrates that statically there is a significant impact of the social capital and its dimensions as relational, structural, and cognitive Capitals on operational performance development of the commercial banks in Erbil, as defined over an extent of (0.478, 0.404, 0.416 and 0.464) respectively, and as revealed through a p-value of (0.000, 0.000 and 0.000) respectively. Besides, the t-test = (5.680; p<0.05) for social capital, it means significant and support the results, so, the t= (4.615, 4.778 and 5.464) respectively, for dimensions as relational, structural, and cognitive capitals, respectively, and

(p<0.05) for all three dimensions. **Then the hypotheses (H_1, H_2 & H_3) can be established.**

However, Table 5.5 (**c**) also displays multicollinearity Statistics. To differentiate multicollinearity could be seen from correlation matrix among independent variables on the value of variance inflation factor (VIF).

Therefore, if (VIF) value less than (5) and Tolerance value is above (0.1), it means there is no multicollinearity among independent variables. From above table 5.5 (**c**), the Tolerance values and VIF values for each variable were; (1.000 and 1.000) for Social Capital, (1.000 and 1.000) for Relational Capital, and finally the same values (1.000 and 1.000) for Structural, and Cognitive Capitals variables. **It means that VIF <5 and tolerance value > 0.1, so multicollinearity does not exist.**

5.6. Result of Hypotheses Testing

As shown in the table (5.6) the results of investigated model the effect of social capital on operational performance development of the commercial banks in Erbil and its planned hypotheses, that all the hypotheses were established.

Table 5.6: Result of hypotheses testing

Hypotheses		Results
Hypothesis 1	There is a positive relationship between relational capital and operational performance of commercial banks operating in Erbil city.	**Accepted**
Hypothesis 2	There is a positive relationship between structural capital and operational performance of commercial banks operating in Erbil city.	**Accepted**
Hypothesis 3	There is a positive relationship between cognitive capital and operational performance of commercial banks operating in Erbil city.	**Accepted**

CHAPTER SIX
CONCLUSION AND RECOMMENDATION

6.1. Discussion and Conclusion

The purpose of this study is to investigate the effect of social dimensions on organizations' operational performance development of the commercial banks in Erbil. Accordingly, the study tested the relationships between social capital dimensions include: (relational capital, structural capital, and cognitive capital) and operational performance development by taking opinions from nominated commercial banks operating in Erbil, the study also verified the impact of social capital on the operational performance development by using (cost performance, quality performance, delivery performance, flexibility performance and innovation performance) based operational performance measures. Supposing that the effect of social capital is an important step before commercial bank's management, it has been an appreciated determination to produce an outline in order to make commercial banks in Erbil conscious of the significance of dealing social capital and investing it in operational performance development.

Thus, the results of the descriptive statistics and the analysis discovered that the social capital dimensions certified a higher importance. These dimensions significance were categorised as relational capital, structural capital, and cognitive capital, respectively. This reveals the significance of these dimensions involves a unique entity and these dimensions have an essential Association in establishing social capital as an independent variable.

The results of descriptive statistics and the analysis of operational performance development showed that the importance of it within commercial banks.

The study found positive significant relationships between relational capital, structural capital, and cognitive capital and operational performance development, more, the relational capital and structural capital have the more active roles in developing operational performance.

Additionally, the regression analysis test results exemplify that statistically, the social capital dimensions have all effect on operational performance. Therefore,

the conclusions showed that certainly, social capital and its dimensions play a dynamic role in operational performance development.

6.2. Recommendations

For commercial banks in Erbil to have operational performance development, maintainable growth, and stability, they should invest and hold best practices of social capital which will ensure that shareholders wealth is looked after in the best way possible via developing commercial banks' operational performance.

It is necessary for commercial banks in Erbil, to develop and invest the relational capital and structural capital based on their significant effect on operational performance, yet, more improve and practice of cognitive capital.

Consequently, since social capital does stimulus operational performance of commercial banks in Erbil, bank's managers require to attention on other boundaries that they intensification their operational performance than social capital dimensions.

It is necessary for commercial banks in Erbil to certify that the banks have the required freedom of banks staff. Therefore, there must be an improved observing of social capital so as to circumvent reducing fatalities of disregarded operational performance development which has dire consequences.

The study recommends the commercial banks necessity to develop training Programmers for their managers, as well as for administrative staff, directing at refining and proceeding their social capital performs in the positive of the solid role of this variable and its dimensions on banks operational performance development.

Thus, it is essential that managers participate in operational performance development, they must retain a great level of social capital and its dimensions, and to inducement, decidedly capable skills to work within the banks.

The commercial banks in Erbil find adequate data on managers and managerial staff inventors to discovery suitable approaches to measure and wherever social capital sleazy. Additional, remain to continue the managers of the greatly capable and the accrued know-how and the advance of tactics and upcoming programs for stimulating the effect of social capital, of the bank's managers, are making them more effective.

Consequently, commercial banks would consider truly about the investing in their social capital that can compromise an economic benefit to interest new staff and to fulfil the current banks' staff.

6.3. Practical Implications

The effect of this study contains examine the nature of the relationship between social capital and organisational operational performance development of Iraqi private organisations across the country. Therefore, this evidence can further commercial banks in Iraq understanding the social capital impact on operational performance development. Moreover, this study has implications for bank's Managers, private sector investors, shareholders and governing authorities to study these results while making plan decisions. Managers must do a suitable effort of existing capitals for the long-term progress and existence.

6.4. Proposals for Upcoming Studies

The results of this study combine to the current form and collected works (literature works) which have also successes to find statistical significance in the relationship between social capital and operational performance development of commercial banks in Erbil. The results, however, are based only on 25 indicators for social capital and operational performance development, and upcoming study would use a bigger amount of elements in order to examine for significance in the relationship in visible and private corporations in Iraq.

Further, an upcoming study might take one social dimension and apply with the performance of the organisation, in order to examine deeply of each social dimension and see which one have more effect on the performance. In spite of, for the upcoming study is to apply a greater sample or use different data gathering technique than the one collected in this study.

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APPENDIXES

Annex (1) Questionnaire Form

Dear Sir / Madam Respondent

      This survey form is a part of the study entitled "**THE EFFECT OF SOCIAL CAPITAL ON ORGANIZATION'S OPERATIONAL PERFORMANCE: A RESEARCH IN ERBIL "** It is part of Requirements for the degree of Masters in the MBA of the Business and Administrative Sciences.

      I request you gently see and view statement label (√) the appropriate answer from your point of view, as the complete answer all expressions perseverance and truthfulness of the answer surely will be reproduced on the accuracy of the results that will come to hear it, **and surely the result will not use for any educational purpose and your names will not mention on the questionnaire form**. knowing that your answers will be confidential and I will work for the purposes of scientific research exclusively.

<div align="center">Thanks in advance</div>

Supervisor
Asst. Prof. Dr. Şule Tuzlukaya

Researcher
Ahmad Abdulqader Hamad
Master Student

First: General Information

1- **Gender**: Male ☐ Female ☐

2- **Age**: 25- 35 years ☐ 36–45 years ☐ 46–55 years ☐ 56 and More ☐

3-**Academic Degree**: PhD ☐ Master ☐ Bachelor ☐

4- **Your position in the bank**: Senior Manager ☐ Middle Manager ☐

Administrative staff ☐

5- **Overall job experience**: ☐ years

Second: The Scale of Social Capital

Q	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
A. Relational capital:						
Trust						
1	There is a high level of trust between commercial bank's top management and staff.					
2	There is a high level of trust between bank's staff.					
3	I can rely on the employees who work within this bank.					
4	Employees in this bank show a great deal of integrity.					
5	Overall, employees at this bank are trustworthy.					
B. Structural capital:						
Performance Development and Information Sharing						
6	Coordination and joint working with other departments is a major part of our approach to the commercial bank's services.					
7	Cross-departmental/cross-cutting working is important in driving service improvement.					
8	Commercial bank's employees engage in open and honest communication with one another.					
9	Employees willingly share information with one another.					
10	Employees at this bank keep each other informed at all times to reach the high level of performance.					
C. Cognitive capital:						
Vision and Value						
11	I'm sharing the same ambitions and vision for the bank.					
12	There is a commonality of purpose among employees at this bank.					
13	We are in this bank committed to the goals of the bank.					
14	It's expected that values and objectives are clearly and widely understood and owned by all staff in the bank.					
15	The authority concentrates on achieving its values and objectives.					
16	It's expected that we keep each other information about events or changes that may affect to the bank.					

Third: The Scale of Operational Performance

Q	Statements	1000-1500	2000-2500	3000-3500	4000-4500	5000 more
D.	**Operational performance**					
	Number of Customers					
17	Increased rapidly in the last three years.					

	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
By increasing the number of our customers has helped to….						
18	….Lower the total cost of our bank.					
19	.,..Reduce our service cost.					
20	….Improve our bank's service quality.					
21	….speed appropriate times of transferring funds to the bank, locally and internationally.					
22	…..Increase the reliability of our bank.					
23	… Change the possibility of the volume of bank's service.					
24	….Improve our bank flexibility.					
25	….increase new offers and innovating in our bank.					

Annex (2): List of questionnaire arbitrators

S	Name	Scientific Title	Experts	Workplace
1	Dr Khalid Hama-Amin Mirkan	Professor	Strategic Management	Salahaddin University The College of Administration and Economics
2	Dr Ahlam Ibrahim Wali	Assistant Professor	Strategic Management	Salahaddin University The College of Administration and Economics
3	Dr Luqman Mohammed Saeed	Assistant Professor	Financial accounting	Erbil Polytechnic University
4	Dr Naseem Yousif Hanna	Senior Lecturer	Financial accounting	Salahaddin University The College of Administration and Economics
5	Mr Mudafar Hamad Ali	Assistant Professor	Human Resource Management	Salahaddin University The College of Administration and Economics
6	Mrs Ahang Khaled Omar	Assistant professor	Business Management - Marketing Management	Salahaddin University The College of Administration and Economics

Annex (3): The study population and sample

S	Commercial Bank's Name	Participated	valid responses
1	RT Bank	12	11
2	(KIB) Kurdistan International Bank	15	15
3	Al-Baraka Bank	12	12
4	Mosul Bank for Development & Investment	5	2
5	National Bank of Iraq	7	3
6	Cihan Bank	13	8
7	Bank MED	10	6
8	Investment Bank of Iraq	3	3
9	SUMER Commercial Bank	3	1
10	(AIB) Ashur International Bank for Investment	3	3
11	IRAQI ISLAMIC BANK for investment & Development	3	3
12	Zirat Bank	12	10
13	Credit Bank of Lebanon	5	3
14	(ADIB) Abu Dhabi Islamic Bank	3	2
15	(CBI) Credit Bank of Iraq	2	2
16	Islamic Cooperation Bank for Investment	3	3
17	Bank Audi	5	5
18	United Bank for Investment	4	4
19	Mansour Bank	5	5
20	(IBL) International Bank of Lebanon	3	1
21	Trans Iraq Bank	3	2
22	FRANSA BANK	3	2
23	Dijlah & Furat Bank for Development and Investment	3	2
24	Ashur Bank	3	3
	Sample	140	111

Annex (4): Measures of the independent variables

Relational Dimension	Structural Dimension	Cognitive Dimension
Andrew's (2010, 2011) Measures (All Items)		
There is a high level of trust between commercial bank's top management and staff.	Coordination and joint working with other departments is a major part of our approach to the commercial bank's services.	It's expected that values and objectives are clearly and widely understood and owned by all staff in the bank.
There is a high level of trust between bank's staff.	Cross-departmental/cross-cutting working is important in driving service improvement.	The authority concentrates on achieving its values and objectives.
		It's expected that we keep each other information about events or changes that may affect to the bank.
Leana's and Pil's (2006) Measures (Three Exemplary Items for each Dimension)		
I can rely on the employees who works within this bank.	Commercial bank's employees engage in open and honest communication with one another.	I'm sharing the same ambitions and vision for the bank.
Employees in this bank show a great deal of integrity.	Employees willingly share information with one another.	There is a commonality of purpose among employees at this bank.
Overall, employees at this bank are trustworthy.	Employees at this bank keep each other informed at all times to reach the high level of performance.	We are in this bank committed to the goals of the bank.

Note: Leana and Pil refer to the first dimension as "information sharing" which is not fully in line with ours and previous work's definition of "structural social capital". (It took from the study of "The role of organizational social capital in performance management" Michele Tantardini, PhD Student, Florida International University & Alexander Kroll, Assistant Professor of public administration, Florida International University, 2015).

Annex (5): Measures of the dependent variables

By increasing the number of our customers has helped to….
….Lower the total cost of our bank.
.,..Reduce our service cost.
….Improve our bank's service quality.
….speed appropriate times of transferring funds to the bank, locally and internationally.
…..Increase the reliability of our bank.
….increase new offers and innovating in our bank.

The relationships between supplier development, commitment, social capital accumulation and performance improvement**,** Daniel R. Krause a,*, Robert B. Handfield b,1, Beverly B. Tyler, department of supply chain management, North Carolina State University, Raleigh, NC 27695-7229, USA, 2007.

CURRICULUM VITAE

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Place and Date of Birth: 2 December 1987, Iraq, Erbil

Education:

Degree	Field	University	year
Undergraduate	English Language	Salahaddin University	2008-2009
Graduate			

Work Experience:

Work place	Position	Year
Ministry of Finance	Assist Manager	From 2007 till now
CFU Company	Vice Manager	From 2011 till now

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