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A Study on the Structural Relationship between Social Capital and Organizational Performance in Customer Service Organizations

Completed Research Paper (Extended Abstract)

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Extended Abstract

Customer centers have received many calls (sometimes emails or face-to-face contacts) from customers, and eventually faced explosive growth of data and knowledge related to customers in the big data and analytics era. This study examines the importance of social capital in customer organizations and investigate how social capital develops into organizational performance by their knowledge-management for ultimately preparing their strategy of business intelligence and analytics. In general, Firms consider intellectual assets as important resources for enhancing their business performances and competitive advantage. Corporate social capital that generally includes the human, structural, and relational aspects can be changed to important intellectual assets (Kamukama et al., 2010; Nahapiet and Ghoshal, 1998). Grant (1997) proposed that organizations' intangible assets cannot be directly related to corporate business performances, and therefore, if they want to promote the business performances, they need to find out what social capital they own and adopt them to the knowledge manage activities. A customer center or customer service organization performs customer service activities by collecting, analyzing, and utilizing information obtained from customers. To survive in a fierce competition and promote the competitive advantage, the customer service organizations need to effectively use the social capital to encourage their employees to share, convert, and use knowledge, namely, to well conduct knowledge management activities including knowledge sharing and knowledge conversion. Accordingly, the purpose of this study is to explore what and how social capital enhances knowledge management activities and organizational performances in the context of the customer service organization.

According to prior research on social capital (e.g., Kamukama et al., 2010; Nahapiet and Ghoshal, 1998), social capital generally includes the structural, relational, and human dimensions. The structural social capital stresses the organization's structure that allows employees to interact with each other, the relational social capital emphasizes the importance of interpersonal relationships, and the human social capital refers to employees' expertise, creative problem-solving ability, and training. These social capital sub-dimensions can be antecedents of knowledge management activities, where knowledge sharing refers to employees share the useful information within the organization, and knowledge conversion refers to employees create new knowledge and use it in work. Consequently, knowledge management activities contribute to promoting business performances via increasing work efficiency and quality enhanced by knowledge management activities.

This empirical study used 256 questionnaires from customer service organization employees to examine the hypotheses. The study findings are displayed in figure 1. First, relational capital had positive effects both on knowledge sharing and knowledge conversion. The customer centers' employees shared their knowledge, experience and knowhow through a network with their colleagues such as communities-of-

practice (CoPs) and explored new knowledge and performed knowledge-management activities to solve customer problems (Lee, 2007). Relational capital, such as trust in colleagues and reciprocal norms became important, which have effects on knowledge management activities. The relationships with others can help employees collect new information and bring empathy to organizational changes. Structural capital had an effect on knowledge sharing activities, whereas it did not have any significant influence on knowledge conversion activities. As suggested by Nahapiet and Ghoshal (1998), in a customer service organization, since almost all jobs and activities are standardized and documented, knowledge can be easily shared. However, a rigid organizational structure in customer centers hinders employees from acquiring psychological empowerment and autonomy. Thus, it is hard to display personal initiative and

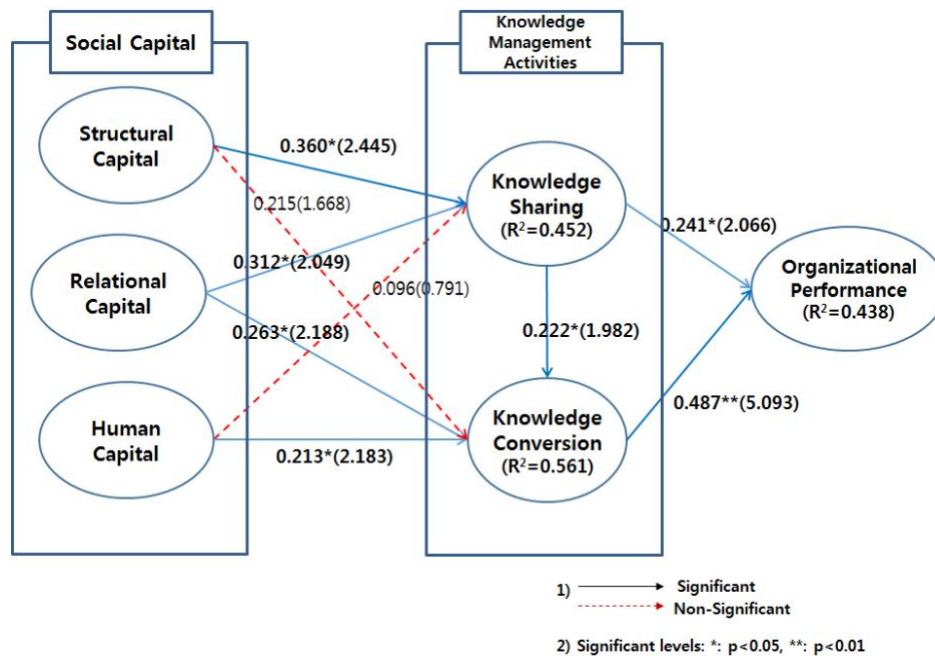


Figure 1. Results of Path Analysis

knowledge conversion. Therefore, customer centers need to empower employees to enhance their participation, creativity and autonomy. Human capital had an effect on knowledge conversion, whereas it had no effect on knowledge sharing. Employees' pride, capability, education and compensation are the resources by which they exhibit their competence and skills (Roos et al., 1998). We interpret the results to indicate that the employees with competence and skills can create new knowledge by using the shared knowledge.

This study suggests a conceptual framework describing that social capital has effects on organizational performance, which is mediated by customer service organization's knowledge management activities. This study differs from most previous studies, which revealed what kinds of social capital were appropriate in a customer service organization and how these types of social capital can specifically influence organizational performance through knowledge sharing and knowledge conversion. Practically, to increase business performances, organizations need to make changes to enhance the necessary and appropriate social capital in terms of structural, relational, and human aspects. Future research directions as well as several implications of this study's finding were also discussed.

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