

# Investigating the effect of financial intelligence value on employees' risk taking with the mediating role of social capital

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## Abstract

Today, financial intelligence is recognized as a powerful tool for achieving strategic goals and managing governments and companies globally. Financial intelligence can be one of the critical characteristics of an individual and by its correct use an individual can bring significant benefits to himself and the organization. The purpose of this research is to investigate the effect of financial intelligence value on the risk-taking of Zahedan National Bank employees with the mediating role of social capital. This research is descriptive, analytical, and correlative. The statistical population of this research includes all the employees of the National Bank in the branches of Zahedan, numbering 430 people, and the statistical sample consists of 202 employees who were selected by stratified random sampling. The data collection tools in this research were standard questionnaires whose validity and reliability have been confirmed. Smart PLS software was used to analyze the data and perform structural equations. Analyzing the model and carrying out structural equations showed that financial intelligence along with the mediating role of social capital cannot influence employees' risk-taking. Also, the results showed that financial intelligence has a separate effect on the two variables of risk-taking and social capital.

## Keywords:

Financial Intelligence,  
Risk taking,  
Social Capital,  
The value of financial  
intelligence.

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## Extended Abstract

### Introduction

The financial performance of a company is the most obvious aspect of its performance, and it seems that this importance cannot be achieved unless by having employees with high knowledge in the field of finance. Of course, the financial intelligence of people will be effective in the financial performance of the company; because according to research, people's financial intelligence plays an important role in their financial decisions. Such decisions will not be unaffected by people's risk tolerance. Today, according to the sensitive conditions they experience, organizations need employees with high risk and risk management, and if there are such people in the organization, the organizations can definitely reach their financial goals (Hirani & Safaei, 2018). Financial intelligence can determine the amount of risk in an economic decision. Therefore, financial intelligence can be a good determinant of people's risk power (Parhizi, 2012). Financial intelligence consists of talent and knowledge of basic financial concepts that enables a person to make reasonable financial decisions and take responsibility for financial choices that affect people's financial well-being and personal life (Khani & Hosseinzadeh Yaghbasti, 2022, 57).

Other factors that can guarantee the financial life of an organization and financial institution are social support and social capital. Social support and social capital play a key role in the self-confidence of the employees of an organization and can make people's potential talents flourish, and when the talent of the employees of an organization flourishes, it means reaching the goals of that organization. Asian Development Bank (2000) considers social capital to be a combination of trust, mutual behavior, norms, and networks of social engagements that make it easier to coordinate work to achieve goals (Naderi & Divband, 2010, 2).

Surveys show that in the past, National Bank branches have been leaders in providing new banking services, and this has made the services provided by this bank very important. But if we pay attention to the general statistics and the history of this bank's capital, we will come to the conclusion that the capital in National Bank has decreased significantly in recent years. It can be said that the quality of service and customer relationship management in this bank can have important effects on the bank's financial performance. But the underlying processes of customer relationship investment and performance have not been clearly determined in most empirical studies. In fact, if the social capital in the bank and its related factors are well identified, it is possible to be sure about the customers and their investment. Therefore, the main question of this research is whether the financial intelligence of the employees' risk-taking is effective in the mediating role of social capital in the employees of Zahedan National Bank.

### Theoretical Framework

One thing that can guarantee the survival of a bank is paying attention to capital; both material capital and social capital. Paying attention to capital and the factors affecting them is one way to advance the goals of banks. This important thing happens if these funds are taken into consideration thoroughly. According to the topic of this research, we will continue to define intelligence in order to provide a background for defining financial intelligence, and after that, some information will be presented about the concepts of risk-taking and social capital.

In practical definitions, intelligence is a phenomenon measured through intelligence tests, and perhaps this is the most practical definition for intelligence (Naderi & Divband, 2010). In advanced psychology, human intelligence is divided into several different parts; one of the most important of which is financial intelligence; very useful all over the world (Vakili, 2012). It is given in the context of the definition of financial intelligence: Financial

intelligence, which is also called economic intelligence, is a set of decisions and actions that take place in the direction of financial management (Anderson & Fornell, 2010). Financial intelligence means that people can get money in the shortest time or solve their financial problems using this skill. In simpler terms, we can say that monetary intelligence is the ability to solve financial problems. That is: "solving the most complex financial issues" (Tediga & Asongo, 2015).

Risk is considered as an integral part of all business activities, and its effective management helps organizations in preventing financial problems and capital budgeting and also improves the decision-making process (Sadati Tileboni & Zabihi & Khalili, 2022, 176). Risk-taking plays a very important role in maintaining the competitive advantage of companies and can lead them to higher economic growth. In the competitive environment, companies follow different strategies to increase their share in the market (Sadati Tileboni & Zabihi & Khalili, 2022, 178).

Today, in addition to human and economic capital, another capital called social capital is also considered. Social capital, or the spiritual dimension of a community, is a historical legacy that, through encouraging people to "cooperate" and "participate" in social interactions, is able to overcome more of the problems in that community and move towards growth and enable rapid economic, political, cultural, etc. development (Hassas Yeganeh & Afkhami, 2018).

### Methodology

The current research is descriptive, analytical, and correlative. The statistical population of this research includes all the employees and managers of the national bank branches in Zahedan, whose number is 430. The statistical sample of this research is based on Morgan's table of 202 people who were selected by simple random sampling. In order to collect data, the financial intelligence questionnaires of Popovich et al. (2012), the social capital of Onyx and Bolen (2000), and the risk tolerance of Powell (2000) were used. In this research, path analysis, and Smart PLS software were used to analyze the data.

### Discussion and Results

Before testing the assumptions and estimating the research model, the fit and goodness of the model should be evaluated. Several indices are used to evaluate the suitability of the structural equation model. One of them is the chi-square index ( $X^2$ ), which is considered an absolute index of the model's suitability, and the higher it is; the lower is the suitability of the model. One of the desired indices in the structural equation model is the goodness of fit index (GFI), whose values vary between zero and one, and the closer to one, the better the fit. Also, the adjusted goodness-of-fit index (AGFI) is an overall goodness-of-fit measure and accounts for the number of degrees of freedom. When this index is equal to 0.85 or more, the fit of the model is acceptable, and values close to 0.95 indicate a good fit. The results of this research show that the chi-square value is 0.72 and the goodness of fit index is 0.85 and the comparative fit index is 0.93. These numbers show that the model has a good fit and is acceptable. In the following, the research hypotheses are evaluated using the path coefficients and their significance level as well as the results obtained for the mediating variables. According to the obtained analysis, the effect of financial intelligence on consensus capital can be confirmed at the 99% level and the changes related to social capital can be explained by financial intelligence. But financial intelligence cannot explain changes in risk appetite. In order to investigate the effect of financial intelligence on risk-taking with the mediating role of social capital, the results show that since the t-value is equal to 0.287 (less than 1.64), financial intelligence with the mediating role of social capital on risk Adaptability is not affected.

## Conclusion

It seems that banks in Iran have paid less attention to the personality dimensions of their employees due to external goals, customer orientation, and stability in financial matters; and financial intelligence is no exception to this rule, and when the financial intelligence of employees is not taken into account, factors affecting financial intelligence are not considered. As a result, considering the competitive advantage of banks, managers of these financial institutions should consider all aspects of financial stability and achieving their organizational goals. The main hypothesis of this research was that financial intelligence with the mediating role of social capital has an effect on the risk-taking of Zahedan National Bank employees. According to the results of this research, financial intelligence cannot influence employees' risk-taking with the mediating role of social capital. No matter how high the financial intelligence of employees is, the intervention role of social capital cannot explain the risk-taking of employees. Financial intelligence can be one of the fixed characteristics of bank employees. The reason for the lack of significance of the main hypothesis of this research can be traced in two dimensions. The first one is the organizational structure of the bank, and the other is the individual and personality differences among the bank employees. The organizational structure of banks is such that individuality does not have a high place, yet most of the teamwork is in a high place. Since financial intelligence is an individual characteristic, it cannot be greatly influenced by the organizational process of banks. Also, individual differences are an influential factor in all theories related to intelligence, and this rule also exists in the discussion of financial intelligence, and individuality is an influential factor in financial intelligence. But for the growth of any kind of intelligence, the existence of a suitable background can play a key role in its cultivation. Therefore, managers and planners of banks should put their training and study programs towards identifying the level of intelligence of their employees and ways to improve it in employees.