

## THE ROLE OF THE CORPORATE SOCIAL CAPITAL IN THE CONTEMPORARY BUSINESS ANTHROPOLOGY

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**Abstract:** The new business thinking, associated with the widely necessitated concept of cultural intelligence is a challenge to the economic reality, formatted according to specific existing orthodox models.

The concept of corporate social capital is a modern construct that by its high degree of adequacy of the modern business world creates conditions for the rationalization and optimization of corporate management. The corporate social capital claims to recreate the social capital in terms of the corporate perspective.

The article underlines that corporate social capital could be seen as a competitive advantage for the business unit; it reflects the manifestation of the company's culture and at the same time, has a specific focus associated with the effective management. Its social-anthropological determination enables variable interpretations of applying different models and display specific trends relevant to the contemporary economic reality.

**Key words:** corporate social capital; business anthropology; corporate culture

Social capital in the company is a socio-cultural component whose generation and validation should lead to constructive organizational change at the corporate level. In this sense, the quality of corporate culture is directly linked to the manifestation of the business maturity of the company. In the study of social capital it's logical that business maturity has to be interpreted as a kind of social maturity, which is related to the specific characteristics and manifestations of the economic genotype as a set of evolutionarily established national cultural dimensions (national cultural matrix) and is bound by the very corporate culture as a premise of its manifestation [Milanova, 2008].

The Corporate Social Capital is defined as “soft infrastructure in the management” [Danchev, 2009], meaning that the focus is on detecting the manifestation of social capital in the context of certain corporate culture. The most popular researches on social capital are at the macro level, and attempts to operationalize it at firm level have been made by some Bulgarian authors [Danchev, 2006; Milanova, 2009].

The understanding of the cultural context in the functioning of the company and the focus of economic analysis on the cultural dimensions (national and organizational cultural dimensions) deepen and enrich the research associated with the identification of business units and with the course of their typical processes.

### **The concept of the social capital as one of the foundations of behavioral economics**

The definition of the social capital as a specific network of informal norms and values [**Fukuyama, 1999**] is linked with the corporate culture, defined as the mechanism for the formation of the identity of the economic structures in the country, and as an active component of the process of managing them. [**Milanova, 2008**].

The concept of the social capital is of particular relevance in recent decades. The category is naturally associated with social commitments, social spending etc., as they relate to any economic structure in the capacity of a particular community. Such a perspective is entirely reasonable and logical, but that's what makes it necessary to review and clarify the social capital of slightly different angle, without excluding a standard interpretation.

In the literature a number of interesting, from a scientific perspective, interpretations on the nature and meaning of social capital can be found as a process of social interaction associated with certain marginal propensity horizontal and vertical aspect /to support and empathy; to leadership/. Particularly important is the above-mentioned presentation of social capital as a specific network of formal and informal norms and values [**Fukuyama, 1999**], as this interpretation leads to the relevant national and organizational cultural dimensions whose interactions form the essence of the corporate culture. It was proved that it conducts or directly interacts with selected motivational models for specific human capital management in the corporate environment [**Milanova and Naydenova, 2013**].

The meaning of social capital can reveal a direct link with the historical development process, and to submit to the purely cognitive context to make clear the defined variety and to safeguard the ability of an author to develop its views in a certain angle according to that essential diversity.

In the foreign literature, social capital is associated primarily with the names of Robert Putnam, James Coleman, Francis Fukuyama, Partha Dasgupta, Nan Lin, Pierre Bourdieu and others. In Bulgarian literature so far the names of Dragomir Nedelchev and Alexi Danchev stand out, the second author publishes more abroad.

Francis Fukuyama emphasizes that the social capital is rightly presented as a cultural component of modern societies and for this reason this capital can not be represented as a result of public policy established in some formal way. Social capital must be cultivated, says Fukuyama, but one must first find the root or the conditions for its formation [**Fukuyama, 1999**]. When examines the genesis of social capital, its functions and the ways in which it can be cultivated, Francis

Fukuyama explains that numerous definitions of social capital refer rather to its manifestations than to its essence.

According to P. Dasgupta [**Dasgupta, 2004**], in the earliest versions on the theory of social capital, that kind of capital is defined by the main features of social organization as established trust, norms and established networks. It refers to the definition of R. Putnam [**Putnam, Leonardi & Nanetti, 1993: 167**], which apart from being built on these specific features focus on the effectiveness of the social action, in the broadest sense and the mechanisms for coordination of activities related to specific interactions between individuals. Later Putnam reiterates that social capital refers primarily to the relations between individuals, where goes the study of social networks and the resulting reciprocity [Putnam, 2000]. Social capital is synonymous with social link and in this sense, it is understandable typological distinction between bonding capital /connected with the formation of friendly relations dictated by some empathy and trust/ and bridging capital/ /which literally creates bridges/. According to R. Putnam, these two types of capital interact and reinforce its role on the principle of reciprocity. He pays attention primarily on horizontal relationships and focuses on the study of universal moral norms and values. The essential there is that he defines social capital as a public good and as a result of social relations.

Different is the viewpoint of other representatives of the theories of social, cultural and moral capital. The name of Pierre Bourdieu, for example, is mostly associated with the theory of cultural capital and the idea of a specific construct, "habitus". It is a set of predispositions acquired as a result of the socialization process and in this sense social capital is seen as a "notebook with directions" /"carnet d'addresses", /which implies an increase in social comfort and improves the social situation [Bourdieu, 1986]. His interest is focused on social conditions that have an impact on professional success. The conclusion is that along with the human capital, including skills, knowledge, abilities, people use their social networks to obtain a higher income.

According to James Coleman [**Coleman, 1988**], the social capital is seen as an aspect of informal social organization; it is inherently social and the greater part of its forms of embodiment emerge from the combined actions of the individuals [**Nedelchev, 2004: 27**].

The social capital is a particular kind of capital linked to the "spirit of economy" [**Danchev, 2006**], and it is absolutely logical that the return would be one of particular species. It is no coincidence that many authors are working on the differentiation of the return on social capital and reach sometimes similar, but sometimes even contradictory ideas. N. Lynn, for example, divided the return into return in terms of instrumental activities and return to the expressive sense of the activity (**Lin, 1999: 40**). He perceived the instrumental action as an action that is called to acquire resources not held so far by individuals in their role as economic actors and the expressive activity as something that should maintain the resources already owned.

The evolution of social norms is associated with the evolution of value systems [**Milanova, 2003: 56**]. Value systems, at the individual or group level, are formed by groups' evolutive imposed values, defined as "desirable selective behavior"/ International Encyclopedia of the Social Sciences/. According to

S.Voight [Voight, 1993: 18] the subject internalizes certain values and generally excludes theoretically possible courses of action that happens in the process of impact of a value system on electoral behavior. If another entity that shares the value system in question operates in one excluded from the first individual way, obviously it is moving to another affiliation. The conclusion is that shared values include both legal concepts and cognitive perceptions. If values are standards in achieving certain objectives and are largely independent of specific situations, the specific social norm is to implement the values themselves. In principle, the values influence the development of the social environment in the sense of the wide-ranging interpretation of the category of “institution“. Institutionalization and recognition of certain norms form behavioral expectations of actors in specific situations.

The development of social capital as a concept is the intersection of the sociological and economic perspective. Sociologists see social capital as a means to promote sociological aspects in the fields of economics and business. Similarly, economists have accepted it as a mechanism for explanation and interpretation of the non-economic factors that could explain the practical shortcomings of economic theory. In this sense, management science identifies and analyzes options on putting the motivational mechanisms in the management of companies as essential prerequisites for effective management.

### **Corporate social capital as a focus in the construct of “new business thinking”**

In the basis of the formation of the corporate social capital formal and informal institutional rules remain which are carriers of specific peculiarities arising from the particular corporate environment. Corporate culture and its corresponding social capital are in an unequal but strong relation depending on the specifics of national economic genotype with all its conservatism, reflecting on the specifics and the quality of human capital, respectively, of its management in the business environment.

Marginal propensity to assist in generating confidence in the horizontal plane and the recognition of the leader in the vertical aspect [Danchev, 2006], in turn, are directly dependent on the degree of synchronization between the historical and business maturity.

In the study in this section the links between national cultural dimensions and organizational and cultural dimensions should be outlined respectively, Support / Ownership – Leadership, to the extent in which they are established and in the form they appear. The dimension connected with the individualism vs. collectivism; influence the environment and the formation of business – contacts in profile and dynamics of entrepreneurial activity. The manifestation of the power distance and the confession of external vs. internal causality affect both directly and indirectly on economic growth, the economic structure and economic organization in modern societies. This dimension is a valuable source of information about the style and methods of management and organization behavior into organizational structures. The softness of culture is a quality feature that optimal analysis should be undertaken in the observance of its com-

combination with other dimensions. Anxiety /uncertainty avoidance/ is a national cultural dimension, which has a proven impact on the initiative, the attitudes of acceptance or rejection of innovation and entrepreneurship.

Building confidence (trust) in both the horizontal and vertical aspects, in general, is located in a relation to demand predictability and clarity in the events and situations that suggest organizational and institutional structuring and structuring relations. This fact does not necessarily mean avoiding uncertainty but almost always equated to avoiding indefiniteness.

Corporate social capital claims to recreate social capital in terms of corporate perspective. The theory of corporate social capital focuses on achieving the objectives of the participants in their respective organizations. Sustainability and optimization of corporate strategies are highly dependent on the quality and dynamics of corporate social capital.

The new business thinking and its social anthropological determination more explicitly require understanding of the role and visibility of corporate social capital in modern business structures. The terminology associated with corporate social capital (CSC) is promoted by Liindars and Gabby [**Leenders & Gabbay, 1999**]. They note that studies on the impact of corporate social capital are in the direction of solving the question of how the social structure is related to the objectives of corporations and in particular their members.

As potentially contributing to the development of corporate social capital, is regarded the corporate reputation. The corporate reputation is regarded as potentially contributing to the development of corporate social capital. Besides corporate reputation is developed within the marketing literature [**Dollinger, Golden & Saxton, 1997; Fombrun & Shanley, 1990**], but it can be argued that goodwill associated with CSC can also be measured or evaluated by outside parties. In this sense, it is socially constructed and can therefore be seen as social capital in determining the market value of the company.

Leenders and Gabbay [**Leenders & Gabbay, 1999: 3**] define corporate social capital as “the set of resources, physical or virtual, that provide a corporate player through social relationships, facilitating the achievement of the objectives of the organization.”

Pomeda [**Pomeda et al., 2002: 15**] defines the term “business social capital” to be delimited by “citizenship”, defined as “relational capital”. The “business” social capital includes such factors as productive infrastructure, productive behavior and international trade. Also, he [**Pomeda et al., 2002**] discusses the macroeconomic aspects and micro aspects of the social capital originally created by Coleman [**Coleman, 1990**], which describes the behavior of a company in the composition of interdependent actions of the individuals making up the company. Pomeda analyzes also the manifestation of the human capital and explains how incentives can influence the behavior of individuals’ interacting and how these incentives play a decisive role in building human capital in the company.

Granovetter [**Granovetter, 1985: 501**] argues strongly that the relationship between companies is more efficient than internal hierarchy in terms of economic benefits. Simon [**Simon, 1979**] brings a counter argument in favor of strict hierarchy as necessary for effective implementation of tasks in critical situations.

As stated above, the corporate social capital describes social capital in terms of the corporate perspective, not as a public good. As markets become increasingly complex and interconnected, the importance of research on social capital at company level increases. The multidimensional nature of the social capital stands out more by empirical studies of individual market sectors.

N. Lin's theory of social resources in 1982 presents the company as a social structure that is hierarchical in nature. In his theory N. Lin, (**Lin, 1982**) refers to the "instrumentalisation" of specific actions and funds invested in a social network. His vision is focused on the hierarchical social structure. The thesis focused on the business relationships that can provide reliable theory of operation within the company.

The cited above author, James Coleman [**Coleman, 1988: 98**] defends the thesis that "goal setting organizations are actors ("corporate actors") just as the individuals are, so that the relationship among corporate entities can also be interpreted as a kind of social capital", i.e. this is the essence of corporate social capital not distinguish between individual or corporate actors (i.e. companies).

In Barney's theory [**Barney, 1999**], based entirely on the concept of social capital, there is build an intermediate unit, which is directed to the processes associated with the formation of joint ventures and alliances. Therefore, the relations that exist between companies in an alliance or joint venture differ in structure from those that exist within the company. Barney [**Barney, 1999**] identifies the boundary between the company and the intermediate structure by the inability of a company to show competence and benefits through direct acquisition. Similarly sound argument for internalizing the corresponding social capital.

Significant contribution to the development of the theory of corporate social capital has the eminent Chicago School. This school presents markets as social structures, identifying social capital as a key source for economic value. That School is associated largely with schools of intellectual capital and knowledge management. Leenders and Gabbay [**Leenders & Gabbay, 1999**] elaborate on the subject, presenting a particular form of relationship SC – CSC (social capital – corporate social capital).

Other authors who do not belong to that school also have an original contribution to the subject. Hall [**Hall, 1993**] introduces the classification of the elements of intellectual capital, regardless of the famous in this area Nordic School and Chicago School economists. Roberts and Dowling [**Roberts & Dowling, 2002**] focused their research on corporate reputation, in the context of the concept of corporate social capital.

The concept of corporate social capital, which is based on the value of relationships, has not been tested empirically. The theoretical foundations of the research can be traced, referring to the economic theory of Polany [**Polany, 1944**], whose social anthropological studies identified the important role that social relations play in business. Although social outcomes are not seen as the end of a modern company, the need to use social resources to improve the performance of companies is unequivocally demonstrated.

Once again, significant is the contribution of Bourdieu [**Bourdieu, 1986**], who in the eighties of the last century identifies the social capital as an economic

resource. The economists are beginning to embrace the concept of social capital as an useful theory to explain the deviations in the idea about rational choice in the economy [Baker, 1990].

In a study from 2009 [Milanova, 2009], it is underlined that corporate culture is perceived as a management mechanism with an important role in the identification of companies and corporate social capital is seen mainly as a specific cultural component that generation and validation should lead to structural changes, primarily related to the goodwill and social profit, which relates to the identification and image of the company. There has been proven the mentioned essential point that the marginal propensity to support /at generating confidence horizontally/ and to the recognition of the leader /in generating confidence in the vertical aspect/ is directly dependent on the degree of synchronization between the historical and the specific business maturity of the business unit. The construction of a conceptual model of the relationship between social capital /corporate social capital/ and culture not only enriches the ground on which the managerial profile of the corporate culture stands, but also provides answers to questions about:

- Evolutionary changes in the business units in Bulgaria, in particular the optimization of human capital in companies;
- Techniques and modes of building management teams to overcome the negative value deposits and channeling energy to building positive organizational characteristics.

The idea of the conducted study in 2009 has namely been to identify the elements that lead to the establishment of fundamental and hierarchical dependencies and thus the functional relationship between the basic dimensions that determine corporate culture and corporate social capital respectively.

The model is proposed and partially piloted in specific business units in Bulgaria in 2013 [Milanova, 2009; Milanova and Naydenova, 2013]. There is confirmed the hypothesis that social capital in Bulgaria emerged as a spontaneous interaction, but it is significantly more difficult with the corporate social capital to manage marginal propensity to horizontal and vertical dimensions of the trust. One reason is the characteristic of the microenvironment in the country, referring to the dominance of the national organizational cultural dimensions. This fundamental finding gives some grounds to believe that the corporate culture and the corporate social capital are in a reciprocal relationship resulting from the superimposition of the fundamental relationship involving the conservative national cultural matrix. However, due to the lack of major representative business surveys, the question of the nature of the relationship remains controversial.

- Modeling of corporate social capital is directly related to the specific dynamics of organizational cultural dimensions.
- Corporate social capital is subject to transformation throughout a set of tools which affects the effective management and development of good practices /motivational mechanisms and related techniques /.
- Corporate social capital could be seen as a competitive advantage in a separate business unit, to the extent that reflects the manifestation of the corporate culture and at the same time, has to be imposed as a specific construct associated with effective management based on adequate motivation mechanism.

It has been repeatedly emphasized that the neglect of the cultural component in identifying and strengthening the image of the business unit, as well as in ensuring the adequate functioning and achieving of the economic productivity is retrograde and unfounded. The business environment in Bulgaria has won a unique, but not particularly positive feature, namely the extremely slow overcoming the findings of the strong dominance of national cultural dimensions on the organizational cultural dimensions That dominance affects directly the image of the economic structure and has a particular influence on its social reputation.

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