

# SOCIAL CAPITAL IN ORGANIZATIONS: RELEVANCE AND APPLICATION OF THEORY TO EMPLOYEE RELATIONS IN TODAY'S WORK ENVIRONMENT

Tomáš Dania<sup>1</sup>, Renata Kučerová<sup>1</sup>, Helena Chládková<sup>1</sup>,  
Sylvie Formánková<sup>1</sup>

<sup>1</sup>Department of Management, Faculty of Business and Economics, Mendel University  
in Brno, Zemědělská 1, 613 00 Brno, Czechia

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## 1 INTRODUCTION

Given the current labour market and the environment within companies, the application of social capital theory is an important topic that can be used to examine social ties and interactions, as well as areas such as group dynamics, communication, and knowledge sharing among employees. The aim of our research was therefore to verify the relevance and topicality of social capital theory in relation to organizations and their internal environment, with a focus on employee relations.

Over more than 30 years, many authors have paid attention to social capital theory. During these years, social capital has been examined from various perspectives. For example, Coleman [7] focused on the level of individuals, Putnam [20] dealt with „social organizations“ or public administration. Burt [4] examined social capital in a broader context with markets and other aspects, such as in relation to businesses. As some more recent research suggests, for example by Chang and Chuang [5], Hollenbeck and Jamieson [12], or Jha and Cox [13], it is also possible to examine this theory from the perspective of businesses and in relation to employees. From this perspective, some modifications to the definitions of social capital can be proposed. For example, according to Portes and Sensenbrenner [19], it is the expectation of some collective activity that influences economic goals and behaviour toward a chosen goal among members of an organization. Tsai and Ghoshal [26] add that it is a shared vision or set of common values that develops social capital and thus makes the activities of individuals and the entire company more effective. Or, as Erickson [9] adds, it is a diverse network of social relationships between people that is valuable to both employees and employers. Erickson [9] also pointed out that ties are already influenced by the selection process.

The proper functioning of social ties is crucial because they can strengthen knowledge transfer and indirectly contribute to financial and non-financial performance [22, 24]. In this context, this refers to innovation and learning, process acceleration, or a positive impact on customer satisfaction [22, 24]. Social capital is further examined in relation to CSR and its link to the social pillar [17, 25]. The theory of social capital is not yet clearly defined [1, 10, 18, 27]. This is probably due to the breadth of the theory and its complexity [18, 23]. On the other hand, the ambiguity of social capital allows the theory to be applied in different situations and examined from different angles [12, 6, 21].

Authors thus deal, for example, with topics such as social networks and their complexity [2, 12]. Furthermore, they examine what influences these networks and interactions [21]. Or what benefits social capital brings to members of these networks and to the group as a whole [8, 14, 22]. These topics raise the question of whether this theory could also be used to analyse the internal environment of an organization. At least some recent research suggests that selected aspects of the theory could be applied in this way [14].

## 2 MATERIAL AND METHODS

The first step of our research was to gather available information about the theory and, based on this, define social capital in broad terms. At the same time, the main thematic areas and factors associated with social capital were identified. The second step was to conduct qualitative research.

The aim of the research is therefore to verify the relevance and topicality of social capital theory in relation to organizations and their internal environment, with a focus on employee relations. The research objective also includes compiling a summary of the factors most frequently mentioned in connection with social capital theory. The research question is whether social capital theory can also be applied to organizations and their internal environment and, if so, in what form the theory can be adapted to the internal environment of organizations.

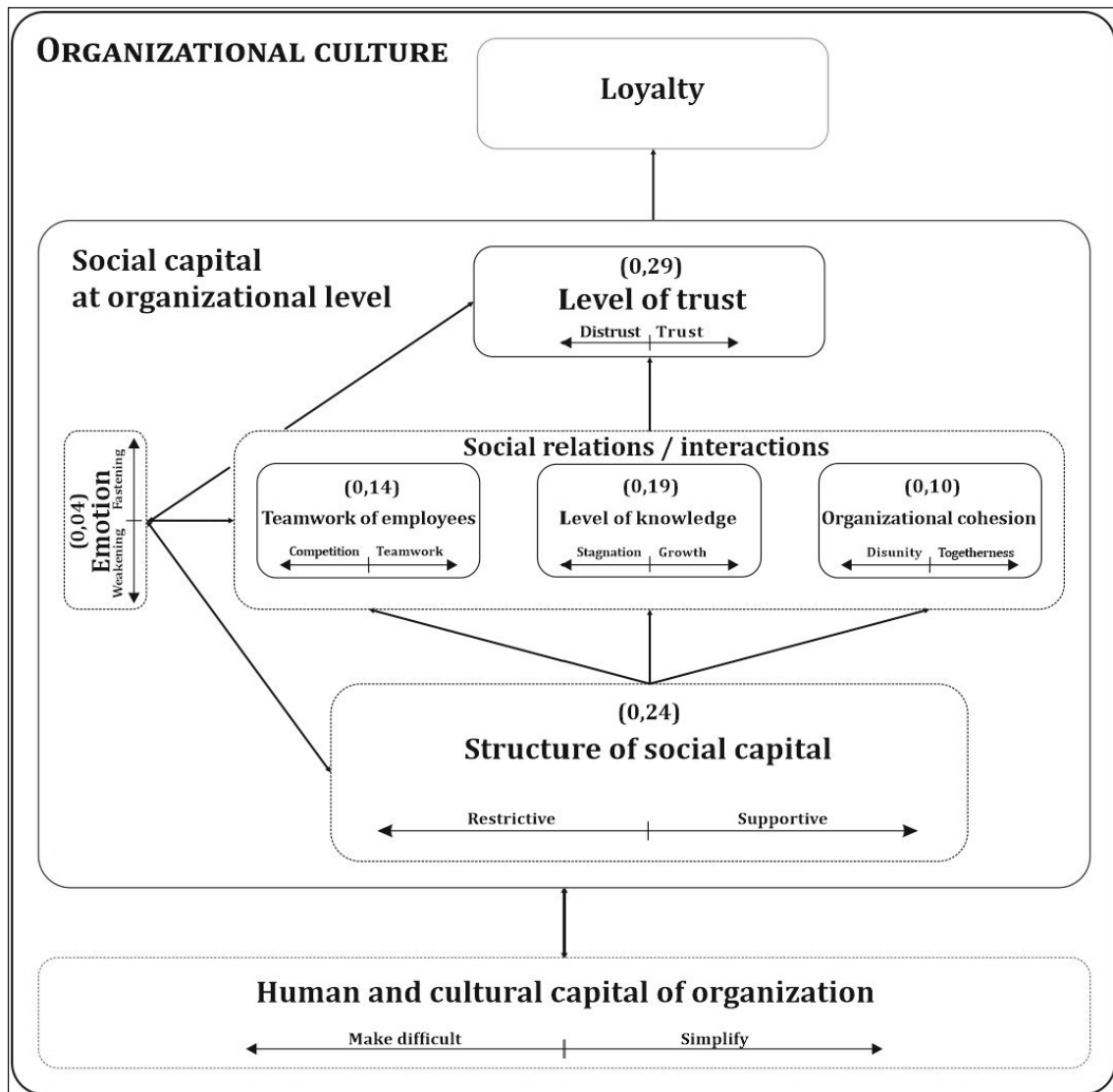
The qualitative survey was conducted in the Czech Republic in 2021. Selected respondents assessed the relevance of social capital theory at the organizational level. These included one senior manager from the public sector, three HR managers from IT companies, one person from a recruitment agency, and one academic. The study also investigated the form in which social capital theory can be applied to organizations. The research also included an assessment of the significance of the identified factors. The interviews were recorded on a recording device. The recorded interviews were transcribed into text form according to the authors Kaderka and Svobodová [15]. The Grounded Theory method [11] was chosen to evaluate the interviews. The MAXQDA 2018 program [16] was used to analyse the qualitative data. The text was continuously coded and common categories were sought – main factors [11]. Subsequently, the scored factors were evaluated.

## 3 RESULTS

According to the respondents, the most important factors that create social capital include **structure** and **knowledge**. **Structure**, i.e. the composition of the team, forms the basis of social capital. People should know who to turn to. A well-assembled team facilitates the dissemination of information and strengthens the sense of security within the team. If employees are satisfied with the composition of the team—the structure—a positive impact on training and, above all, trust can be expected.

The structure of social ties also influences loyalty and satisfaction. Within this factor, respondents rated the sub-factor **quality of relationships** (how well I know the people around me) and **management style as the most important**. Interestingly, according to respondents, the **number of relationships** (how many people I know personally at work) has less influence on the creation of social capital than the **quality of relationships** (how well I know my colleagues). The interviews also revealed that ties within the team should be stable. There should be a clear division of competences, responsibilities, and job positions within the team. Another important factor is **knowledge**. Respondents perceive this factor as relevant in connection with social capital theory. According to their assumption, knowledge is one of the main benefits of social capital. It is particularly important to focus on **willingness to share knowledge** and **motivation to learn**, as these are the two most important aspects.

All processes take place in a specific context, which is the organizational cultural capital in the form of values, goals, and mission. It is the environment of the organization that shapes a number of elements including social ties and interactions. These ties are illustrated in Figure 1.



**Fig. 1:** Hypothetic model of the social capital theory adaptation on the level of organisations

## 4 CONCLUSION

Social capital is perceived as a network of people or a network of relationships. Interactions take place within these networks, which arise in the environment of an organization. This creates added value, as mutual cooperation is enriching. Social capital is considered part of an organization's culture. It is perceived as the result of certain activities and is built up gradually. However, it does not arise directly.

Social capital is an element that unites individuals. Respondents consider the core of social capital to be its structure, within which information, knowledge, and values are shared. They add that the more specialized the network is, the more noticeable the losses are when an employee leaves. The research confirms that social capital theory is perceived as highly relevant in every aspect of human life and in almost every environment, including the internal environment of companies and organizations.

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### **Contact information**

Corresponding author's e-mail: [helena.chladkova@mendelu.cz](mailto:helena.chladkova@mendelu.cz)