

## **Dimensions of social capital: relationships and reliance in the furniture industry company. Part I**

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**Abstract:** *Dimensions of social capital: relationships and reliance in the furniture industry company. Part I.*

The article is a continuation of the author's interest in the subject of social capital in its two basic aspects: relationships and trust in the social environment of the workplace. The research on the social capital of the organization is conducted in the companies belonging to the wood industry. The presented part of the series of articles includes a short overview of publications concerning the subject of social capital as an asset characterized by specific economical features. There may be found the introduction to the empirical research: methodology and characteristics of the employees of the intentionally selected large enterprise belonging to the furniture industry.

*Keywords:* social capital, social capital of the organization

### INTRODUCTION

Modern social analyses of the work environment are no more identified mainly with the notion of human resources, or organizational culture. Seeking for actualization of knowledge concerning human potential leads theoretical and practical researches to the development of the idea of the human capital, which includes some explanations concerning the socio-economic reality. Increasing interest in social capital seems to be mainly oscillating towards determining the conditions of formation and stopping the development of the social capital, as well as setting certain economic consequences connected with the existence, or lack of existence of this capital.

In the commonly accepted definitions, social capital is based mainly on the two foundations:

- network of social relationships, based on values and norm of reciprocity;
- trust.

This approach to social capital is typical for R. Putnam [1] and F. Fukuyama [2].

The theoretical basis for the analysis of the social capital in an organization in the following series of articles is the definition of the term created by the author [3]: Social capital of an organization is a structure of social ties, also understood as a network of social relationships, both within the organization as well as the relationships with an environment, on the one hand influencing, and on the other hand influenced by the axio-normative system of individuals, their attitudes including trust and their actions. As a result of these mutual influences of the structure of individuals, a certain level of cooperation and sharing other forms of capital is shaped, effect of which is development of benefits for the organization and for the individuals as members of this structure. The profits may help to reach and maintain the advantage:

- over other individuals in an organization (for given people),
- over other organizations (units) for this company as a whole.

### 1. SOCIAL CAPITAL AS AN ASSET

It seems to be obvious that the representatives of the management studies and economy would not discuss the idea of social capital without analyzing this phenomenon as an asset.

The features linking social capital and the basic features of the physical capital in the economic understanding, were defined by K. Kostro [4].

Social capital is created with the use of specific tangible assets, material and financial resources, work and time (production). An example is creating of the cooperation networks of workers as well as a network of institutional interdependencies between these organizations.

Social capital is able to transform material resources, financial resources, work and time into benefits impossible to be achieved by other means. An example may be the use of human knowledge and skills (transformation).

Tangible assets, financial resources, work and time are invested in order to build the sense of belonging and support. Creating the atmosphere of mutual trust means taking certain actions, often very costly. Stronger relationships require greater investments, weaker relationships- smaller investment (investment process).

Similarly to the physical capital, social capital is heterogenous (diverse). Three main types may be distinguished: inclusive, exclusive staging, or converging social capital. [5].

Social capital also has various levels of durability. The types of relationships are determined by the durability of created social ties. The more multi- threaded relationship, the greater possibility of durability and sustainability of the social capital.

In order to gain some profits from social capital, it has to be „used”. It is a specific capital, which becomes stronger while being used (care for social capital).

Predictability of social capital is possible thanks to the knowledge about the sustainability of the relationships between certain members. Being aware of the type of relationships, it is possible to predict their consequences, so also plan some of the actions.

Creating and maintaining social capital is preceded by a calculation of costs and profits (alternative cost). It happens, not only in case of creating institutional interdependencies. Building of an individual social capital [6] is also preceded by a calculation. A selection of the contacts and creation of intimate relationships is often a result of the choice determined by a question: who will meet the needs of an individual in the best possible way?

Social capital is partially alienable. It is not possible to sell or rent social capital. In some forms it may be transferred, or shared. An example may introducing of a new person to the group of people, who starts to reach some kind of profits. These forms are widely used in business, where the most valuable are individuals having extensive contacts in the most influential groups.

The presented features of the social capital proves that it may be treated like all other assets. It may be measured, accumulated (in a sense of multiplying and consolidating relationships), as well as lost. What is the subject of interest of the practical researchers is the possibility to manage, or transfer it into physical capital. N. Lin indicates that social capital is an interception of the assets located in the social relationships. Interactions are established in order to produce profit. [7].

In the social capital of the organization the significant role is played by the sense of identity and cooperation. Social capital understood this way is referred to the three dimensions of the social organization zone (W. Tsai, S. Ghoshal) [8]:

- social interaction determined by the organizational structure;
- reciprocity and trust, being an expression of credibility;
- mutual vision based on the collectivistic values- subordination of the individual aims to the aims of the group.

The author in her research focused on the areas of: reciprocity, trust and collectivist values.

## 2. RESEARCH AREA

Taking into account the importance of the subject of social capital as integral component of the social area of the company, the research aim was defined as setting the general state of the social relationships and trust among the employees of the selected enterprise.

The survey was conducted in June 2014 in one of the enterprises being a leader on the Polish and European market of the furniture industry. Selected enterprise has over 20 years tradition in business. It is a joint-stock company, recording constant increase in income from sales since 2010. In the enterprise there are 2000 people employed.

In the general features of the company policy, referring directly to the employees it is recommended to „build creative relationships in the working environment by shaping the awareness and personality of individuals” [company documentation: Annex 1 to TQ]. The general aim formulated this way is a signal for the environment that the enterprise takes a conscious responsibility for shaping human, social and cultural capital. It is interesting for the researchers how the social reality of the work place is perceived by the employees.

A survey was conducted by the method of questionnaire study. A research tool was directly delivered to the employees of a given company by the company management. 87 questionnaires were given back, only 71 of them was accepted because of partial incompleteness of the remaining cards.

## 3. RESPONDENTS: STRUCTURE OF THEIR FEATURES

A company belonging to the furniture industry is often associated with production, thus first of all with physical workers, mainly men. In case of the enterprise selected for the analysis, the respondents do not meet these criteria. The surveys were conducted in an enterprise in which the employees are mainly focused on administrative service of the corporation. A significant criterion taken into account for the analysis was gender, while it is assumed that the features of gender may differentiate perceived relationships as well as the level of trust to the co-workers. Among the respondents there were 45 women, which is 63,4% and 26 men, which is 36,6%. Table 1 presents the percentage results of the survey, divided with reference to the respondents' gender.

**Table 1.** Data of the respondents.

<b>Age:</b>	<b>18-25 years</b>	<b>26-35 years</b>	<b>36-45 years</b>	<b>46-55 years</b>		<b>More than 55 years</b>
women 100%	28,9%	33,3%	24,4%	11,1%		2,2%
men 100%	3,8%	46,2%	23,1%	7,7%		19,2%
<b>Education:</b>	<b>Primary</b>	<b>Vocational</b>	<b>Secondary</b>	<b>Incomplete higher</b>		<b>Higher</b>
women 100%	0	0	10 – 22,2%	4 – 8,9%		31- 68,9%
men 100%	0	0	2-7,7%	2-7,7%		22 – 84,6%
<b>Position:</b>	<b>Physical worker</b>	<b>Administrative worker</b>	<b>Junior managerial staff (foreman)</b>	<b>Mid-level managerial staff (manager/ Deputy manager of the team, department)</b>		<b>Senior managerial staff (director/ Deputy director of the department, section)</b>
women 100%	0	84,4%	2,2%	11,1%		2,2%
men 100%	3,8%	80,8%	7,7%	3,8%		3,8%
<b>Seniority:</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>6-10 years</b>	<b>11-15 years</b>	<b>16-20 years</b>	<b>More than 20 years</b>
women 100%	16,7%	19,1%	23,7%	4,8%	16,6%	19,1%
men 100%	9,1%	19,1%	22,7%	4,5%	9,1%	22,7%

Source: Own elaboration based on the conducted survey.

Among the respondents the most numerous group was a group of people aged 26-35 years (38,1%). 81,7% of all employees was not older than 45 years. Generally, women were

younger than men, 62,2% of women were younger than 35 years old. In case of men, the most numerous group were men aged between 26 and 35 years, which is 46, 2%.

Respondents are mainly people with higher education: 74,6%. In the selected group there 68,9% educated women, among men 84,6% are people with university degree. Moreover, all the respondents had AT least secondary education. Such qualifications had 22,2% of women and only 7,7% of men. To sum it up, taking into account all the respondents, men were better educated than women.

The vast majority of the employees are administrative workers: 83,1%, it refers both to the group of women (84,4%) and men (80,8%). The second largest group (8,5%) is a group of mid-level managerial staff, managers and deputy managers of the teams and departments. Taking into account the gender differences it is worth noticing that in a group of both mid-level and senior managerial staff women constitute a majority (8,5%), which seems to be against the general tendency. Respectively, men occupying the mentioned positions constituted 2,8% of all respondents. Among the respondents there were not included the members of the board.

Most of the women (23,7%) work in the company 6 to 10 years, and in the interval to 10 years it refers to 59,5%. In case of men, the seniority is grater, and the most numerous group are people employed from 6 to 10 years: 22,7%. There are 59,1% of men employed over 6 years. Over half of the respondents are people working in the company not longer than 10 years (60,9%).

The general description of the employees, who took part in the survey, may be presented in the following way: women create the most numerous group, and the greatest group of employees are well- educated people, men dominate in this group. They are mainly representatives of the level of administration . Work senioraty is generalny included between 6 and 10 years, for men in many cases it reaches 20 years.

## CONCLUSION

The above theoretical presentation, description of the research area and characteristics of the respondents is an introduction to the analysis of the employees' opinions on the mutual relationships and trust in the enterprises.

Do the respondents create the typical social environment with the characteristic features for the employees of the furniture industry? Is it reasonable to generalize the results of the survey to the other members of the population? The answer for these questions are negative. The aim of the research is not to create a typical social- demographic model of a given branch. The appropriate aim of the research is to analyze the state of given determiners of the social capital in a given enterprise. Such research activities aim to create new hypotheses being the basis for additional research and construction of further conclusions.

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**Streszczenie:** *Wymiary kapitału społecznego: sieci relacji i zaufanie w przedsiębiorstwie branży meblarskiej. Część I.* Artykuł stanowi wyraz kontynuacji zainteresowań autorki problematyką kapitału społecznego w jego dwóch podstawowych aspektach: relacji oraz zaufania w środowisku społecznym zakładu pracy. Prezentowany fragment cyklu artykułów zawiera krótki przegląd literatury dotyczący kapitału społecznego oraz ujęciu go w ramy organizacji. Ujęto w nim wprowadzenie do badań empirycznych: metodologię oraz charakterystykę pracowników celowo wybranego dużego przedsiębiorstwa branży meblowej.