

Corporate Social Capital – Prerequisite for Effective Bonding

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Abstract

The conceptualization of the manifestation of corporate social capital presents a cognitive message about its complicated relationship with corporate culture, applicable to both theory and practice. The study presents the authors' original vision of the role of corporate social capital in business processes, where the dichotomy rationality-irrationality of behaviors and choices, as well as of decision-making directly affects the performance through the corporate bonding.

The aim is to conceptualize the contextual specifics of the manifestation of the corporate social capital and its fundamental parameter—trust, with a focus on culture, subcultural constructs, and management practices to outline specific theses for the implementation of different forms and levels of organizational cooperation.

The in-depth study of the cultural context favors the development of up-to-date conceptual management models, as well as the derivation of good and appropriate practices.

The idea is that the study of the cultural context and in general, the mutual enrichment and coexistence between economics and

socio-economic and business anthropology, favors the development of conceptual models for the management of human and social capital, and putting the appropriate practices for effective management.

Keywords: Corporate Social Capital, Corporate Culture, Corporate Management, Rational Behavior, Subcultures.

JEL: A13; D01; M14; M54; Z1

Introduction

The successful functioning of the organizational unit as a result of the optimization of its operational actions in accordance with its goals and strategy implies a compliance with the culture formed and established in the organization, which leads to the construction of a specific social capital.

The authors' views of the interaction between Social Capital and Culture at the corporate level are the result of years-long research and of testing in the discourse of economic anthropology and behavioral economics.

A special contribution of the author's research is the reconsideration and enrichment of some orthodox statements for economics and practice in the context of socio-economic anthropology and behavioral economics.

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For this purpose, there have been identified and rationalized several basic doctrinal cores of different heterodox paradigms; the connection between the rational and irrational aspects in the manifestation of corporate human and social capital is studied; current trends and guidelines for improving corporate management are presented.

The in-depth analysis is very important for the implementation of good practices in the change management, for inspiring creativity and decision-making, and for the formation and the maintenance of an adequate business climate combining interests, priorities, and opportunities, which is a decisive moment in the considered issues.

The quality of the company culture is directly related to the business maturity of the company. In the study of social capital, it is logical to interpret business maturity as a kind of social maturity, which expresses the specific dimensions of the economic genotype, but it is also a reflection of corporate culture and the prerequisite for its manifestation (Milanova, 2008).

Ultimately, it is this multivariate interaction that presupposes the establishment of trust and willingness for voluntary and informal association. Relations between countries and nations at different levels in a way enrich the idea of the conditionality between national and organizational cultural dimensions, as well as the fundamental importance of business maturity in building the identification profile and the image of the economic structures. The values that determine the behavior of the individuals in the organizations build the culture of the business unit and guide its activities, given that this culture is largely dependent on the establishment of specific practices.

The topicality and significance of the problem stand out through the identification of social capital as a “soft management infrastructure” (Danchev, 2009), i.e., in revealing the manifestation of corporate social capital as an essential connecting component in the context of a particular company culture. The main goal of the study is to substantiate the relationship between corporate social capital and corporate management by revealing the nature of social capital and its scope of manifestation as an effective prerequisite for corporate connectivity.

The authors form the following initial hypotheses:

- Given the modern specifics of the company environment in Bulgaria it is difficult to develop and activate management mechanisms to optimize the relationship between the company's strategy and its operational activities through changes in the manifestation of the main components of social capital (marginal propensity for empathy and marginal propensity for leadership, as dimensions of its foundation - trust) in order to achieve effective connectivity.
- Adequate and effective management strategies and decisions, by presumption, are in accordance with the nature and specifics of the manifestation of the Corporate Social Capital (the development of “soft management infrastructures”).

Thus, the goals and hypotheses in the research presuppose the research of another, in a sense “new” specific component - subcultural constructions in a corporate environment in view of their organizational rationality and / or irrationality.

The individual and team research of the authors from 2008 to 2018 has proven

that the common values that are based on organizational culture in Bulgaria are still largely identified with the national ones, in the sense that national characteristics and values prevail when trying to promote specific organizational practices. These findings respectively affect the organizational and more pragmatic cultural determination, the corporate trust, the quality of teamwork, and the performance.

A cultural profiling was conducted in several Bulgarian companies, accompanied by surveys and in-depth interviews, leading to the identification and analysis of the dynamics of the sociocultural determination in corporate management.

In the context of the considered problem, the terms “corporate,” “organizational,” and “company” are perceived as close enough in meaning and therefore used interchangeably as synonyms.

Review of the relevant literature

The definition of Social Capital as a specific network of informal norms and values (Fukuyama, 1999) is linked to the company culture, defined as a mechanism for forming the identity of economic structures in our country, and as an actively participating component in the process of their management (Milanova, 2008).

Within the international scientific literature, there are a number of interesting unique interpretations of the nature and meaning of social capital as a process of social interaction, associated with certain marginal tendencies in horizontal and vertical aspect / to support and empathy; to leadership/.

The interpretation of the above presentation of Social Capital as a specific network of formal and informal norms and values (Fukuyama, 1999) points to the relevant national and

organizational cultural dimensions (NCD and OCD), whose causality forms the essence of the company culture that conducts or interacts directly with appropriate models for human capital management in a corporate environment (Milanova & Naydenova, 2013).

The term “Social Capital” was first used in 1890 by D. Dewey and in 1916 by L. Hanifan. They refer to the accumulation of potential in a man and an organic small community (such as the family, the neighbors in the place of residence) in order to improve their living circumstances, to achieve well-being and camaraderie, to meet not only individual social needs but also to improve the life of the community as a whole.

In literature, social capital is associated mainly with the names of Robert Putnam, James Coleman, Francis Fukuyama, Partha Dasgupta, and Nan Lin, Pierre Bourdieu and others. For the time being, the names of Dragomir Nedelchev and Alexi Danchev stand out in Bulgarian literature, with the second author publishing more abroad.

A. Danchev originally links the manifestation of Social Capital with the “spirit” of the economy, and in his works on the issue the author launched an interesting thesis (Danchev, 2006), whose focus is on management structures. It refers to making appropriate and adequate decisions. Alexi Danchev theorizes on the construction of two types of infrastructure at the company level - hard and soft. Soft infrastructure has great potential, as it refers to human interactions and in particular to trust as a defining prerequisite for formal association. In this sense, it could be assumed that soft infrastructure is precisely social capital.

Another interesting point is found in Nan Lin’s theory of Social Capital, which begins from the study of capital theories, starting with

an analysis of the Marxist theory of capital (Lin, 1999), defined by the author as classical /fundamental - b. a. /theory of capital. Even perceived with some reservations by the authors, this statement is essential for the study of the origin of social capital. It is no coincidence that the author emphasizes the definition of capital as an investment in which there is always an expected return and this definition is transferred to the different types of capital. Francis Fukuyama emphasizes that Social Capital is rightly represented as the cultural component of modern societies and therefore it (social capital) cannot be presented as a result of public policy created in a formal way. A thesis with which the authors have expressed unreserved agreement and has been seen as a initiating point is the idea that Social Capital must be cultivated, Fukuyama emphasizes, but above all the roots or prerequisites for its formation must be found (Fukuyama, 1999). When studying the genesis of social capital, its functions and the ways in which it can be cultivated, Francis Fukuyama explains that the numerous definitions of Social Capital refer to its manifestations rather than to its essence. The author emphasizes that the definition he uses reveals that social capital is subject to informal norms that represent cooperation between two or more individuals (Fukuyama, 1999, p.12). A particularly interesting point, despite its disputability, is the fact that Fukuyama seeks ideas for this type of relationship in religious doctrines and social teachings such as Christianity and Confucianism. According to P. Dasgupta (Dasgupta, 2004), in his earliest versions on the theory of social capital, this capital is defined by the basic characteristics of social organization such as established trust, informal norms and established networks. It

refers to the definition of R. Putnam (Putnam, Leonardi & Nanetti, 1993, p.167), which, in addition to building on these specific features, focuses on the effectiveness of social action, in the broadest sense, and on the mechanisms for coordinating activities related to the specific interactions between individuals. Later, Putnam reiterated that social capital refers primarily to the relationships between individuals, the source of the study of social networks and the resulting reciprocity and trust (Putnam, 2007). The authors are largely supporters of the conceptual understanding of Social Capital by R. Putnam, according to whom, Social Capital is synonymous with social connection, in this sense the typological distinction between bonding capital (related to the formation of friendly relations, dictated by some empathy and trust) and bridging capital (which literally creates bridges) can be explained. According to him, these two types of capital interact and strengthen their role on the principle of reciprocity. But Putnam focuses primarily on horizontal connections and focuses on the study of universal moral norms and values. It is essential for him that he defines Social Capital as a public good and as the result of social relations.

James Coleman's thesis that Social Capital is perceived as an aspect of informal social organization is also essential (Coleman, 1988); it is immanently social and most of its forms of manifestation arise from the combined actions of individuals (Nedelchev, 2004, p. 27). Social capital is important for individuals and communities because of its "economic or political function." Of interest is the dichotomy in the interpretation of rationality and individualism. Coleman allows rational action but rejects the unconditional perception of individualism and introduces social aspects into rational action. But one can discuss the

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extent to which this dichotomy actually exists, as there are different interpretations of the introduction of a social component to the concepts of individualism and rationality. Both Bourdieu and Coleman reflect on the problem of the properties and qualities of the social structure, on the use of the resources that make it up, to achieve better results (these points are mainly in Bourdieu).

Coleman views social capital as “complementary”. Coleman thinks that individuals often prioritise other forms of capital, leading to an underinvestment in social capital. His ambition is to enrich economic thinking with sociological categories, as well as to enrich sociological thinking with economic considerations. Networks of social contacts and interactions within them are important production factors. According to Coleman, the specificity of Social Capital is that it is contained in the relationships between economic actors and should not be sought directly in individuals, such as human capital, or in specific technologies, as is the case with physical capital.

The conclusion is that shared values include both normative concepts and cognitive perceptions. If values are the standards in achieving certain goals and are largely independent of specific situations, then the specific social norm is the application of the values themselves. In general, values influence the construction of the social environment in the sense of a broad-spectrum interpretation of the category “institution”. The institutionalization and recognition of certain norms form the behavioral expectations of the subjects in specific situations.

Social and organizational theories define trust as the expectation of compliant ethical behavior and respectively, making the right

decisions, actions with optimal results, based on ethical principles.

Trust can also be considered as a special type of commodity and as A. Danchev specifies, it is a special type of public commodity that creates specific and significant external effects (Danchev, 2008, 2009). When these effects are positive, they help create social capital. Trust, which can be generalized or particularized (at the community level), favors the establishment of informal relationships with all the positive results, as well as the definition of certain social preferences. This statement is shared in principle by many authors who have studied social capital.

Slightly different, but not diametrically opposite, is the interpretation of the problem of trust in P. Dasgupta (Dasgupta, 2004, p.11-15). He sees trust as the key to a specific form of cooperation, and what researchers see as social capital is one of the tools in the process of cooperation.

The development of Social Capital as a concept is the intersection of the sociological and economic perspective. Sociologists see the Social Capital as a prerequisite for promoting sociological aspects in the fields of economics and business. Similarly, economists perceive Social Capital as a mechanism for explaining and interpreting non-economic factors that could explain the practical shortcomings of economic theory. In this sense, management science identifies and analyzes the options for deriving appropriate models in the management of companies as essential prerequisites for effective management.

Extremely relevant and significant enough sound the ideas of many of the authors cited above that at the heart of the formation of corporate social capital are formal and

informal institutional rules, which are carriers of characteristic features arising from the specific company environment. Still, these ideas can be defined as a kind of theoretical and pragmatic vision, with exceptional prospects, especially in the Bulgarian organizational reality. The corporate culture and its respective social capital are in unequally strong, but real dependence on the specifics of the national economic genotype with all its conservatism, reflecting on the qualities of human capital, and respectively on its management in the business environment.

The marginal propensities to support, in generating trust horizontally, and to recognize the leader, in generating him vertically (Danchev, 2006), are directly dependent on the degree of synchronization between historical and business maturity.

The reputation indicator and the social profit, in this sense, are maximally dependent on the degree of development and the forms of manifestation of business - maturity. In the study of social capital, it is logical to interpret this business - maturity as a kind of social maturity, which depends on the specific characteristics and manifestations of the economic genotype but is also tied to the company culture itself.

Corporate Social Capital (CSC) has the claim to recreate Social Capital (SC) through the prism of corporate perspectives, and not as a public good or a factor for its development. The theory of corporate social capital focuses on the achievement of goals by the participants in the respective organizations. The sustainability and the optimization of corporate strategies are highly dependent on the quality and dynamics of corporate social capital.

Unfortunately, constructs such as Corporate Social Capital are still poorly

developed and their impact on the image of companies has been minimally empirically tested. In our opinion, it is necessary to study the impact of CSC in the functioning and performance of companies.

CSC-related terminology has been promoted by Leenders & Gabbay (1999). They note that research on the influence of the Corporate Social Capital (CSC) addresses the question of how the social structure is related to the achievement of the goals of corporations and in particular their members. In addition, Social Networks Analysis (SNA) has been applied to markets to better understand the structure and dynamics of competition in the network economy (Bueno & Salmador, 2004; Burt, 2003). It is therefore appropriate to analyze the impact of CSCs in the network economy and to focus on the use of SNA as the main research technique. Relatively recently, the study of social networks in a corporate context has led to the definite establishment of the concept of "corporate social capital" (Lesser&Prusak, 1999).

Corporate reputation is considered with a potential contribution to the development of corporate social capital. Corporate reputation is largely developed within the marketing literature (Brown & Perry, 1994; Dollinger, Golden & Saxton, 1997; Fombrun & Shanley, 1990), but it is pertinent to argue that social capital reputation can also be measured by persons external to the organization. In this sense, it is socially constructed and therefore can be perceived as social capital in determining the market value of the company.

Guaranteeing social gain in the broadest sense of the category is important and valuable. In its study, both the horizontal and vertical dimensions of social capital must be taken into account in order to establish in

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what sense and to what extent social profit is indicative of total profit.

The present study focuses on assessing the applicability of existing theories in the field of Social Capital related to the corporate environment. Coleman (1988) is adamant in his claim that Social Capital should also be interpreted at the corporate level.

Coleman's concept (Coleman, 1990) of tightly knitting communities or networks presupposes a high degree of manifestation of social capital, incl. at the corporate level.

Coleman's thesis contrasts with that of Granovetter (1973; 1985), which refers to activities with weak connections, as well as to the fundamental points in Burt's theory of "structural holes". Granovetter (1973) argues that some take advantage of weaker or more distant connections that provide more opportunities for activity than the presence of closer connections. Burt (1992) offers arguments that unique benefits accumulate for those who provide a unique connection between radically different communities (i.e. bridging the structural gap). Burt (2000) does not recognize that there can be complementary circumstances, and when attention is paid to open networks, the opportunities for closed networks to take advantage of these situations generally increase. This situation is supported by empirical research described by L. Lock Lee (Lock Lee, 2008).

Taking into account all the specifics of the manifestation of corporate social capital, the thesis is confirmed that it is a multidimensional concept, the interpretation of which depends on the context in which it is used.

Leenders and Gabbay (1999, p.3) define Corporate Social Capital (CSC) as: "A set of resources, material or virtual, that are provided to a corporate player through social relationships to facilitate the achievement

of the organization's goals." They offer four levels of analysis for CSC: specific individuals; groups or departments where individuals work together; the organization itself (as an association of groups or departments); and at the level of the inter-organizational network. These authors emphasize that building a CSC can become an obligation, where the identification of strong relationships will allow for the effective development of weaker relationships inside and outside the company.

Pomeda (Pomeda et al., 2002, p.15) introduced the concept of "business social capital" in order to distinguish it from "civic consciousness", defined as "relational capital". Business social capital includes factors such as productive infrastructure, productive behavior and international trade. Also, Pomeda (Pomeda et al., 2002) discusses the macroeconomic aspects as well as the microeconomic aspects of social capital, originally created by Coleman (1990), who describes the behavior of a firm as interdependent actions of the individuals who make up the firm. Pomeda also adds an analysis of human capital and explains how incentives can influence the behavior of interacting individuals and how these incentives play a key role in building corporate human capital.

As pointed out above, Corporate Social Capital describes the Social Capital through the prism of a corporate perspective. As markets become more complex and interconnected, the importance of research on social capital at the firm level is growing. The multidimensional nature of CSCs is increasingly highlighted through empirical research of individual market sectors. Some of them, such as the IT sector, for example, demonstrate the benefits of more open and diverse networks for interaction in work and

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everyday life, which requires a study of the manifestation of corporate social capital.

James Coleman (Coleman, 1988, p. 98) argues that the relationship between corporate entities can be interpreted as a type of social capital, i.e. this is the essence of corporate social capital, without distinguishing between individual or corporate actors.

With Barney's theory (Barney, 1999), based entirely on the concept of social capital, an intermediate unit is built, which focuses on the processes associated with the formation of joint ventures and unions. Therefore, the relationships that exist between firms in a union or joint venture differ in structure from those that exist within the firm. Barney (1999) identifies the boundary between the firm and the intermediary structure through the inability of a firm to demonstrate competencies and advantages through direct acquisition. The argument for internalizing the respective social capital sounds similar.

The Chicago School has made a significant contribution to the development of the theory of corporate social capital. This school presents markets as social constructions, identifying social capital as a key source of economic value. The school is largely associated with the schools for intellectual capital (IC) and knowledge management (KM). Lenders and Gabbay (1999) further developed the topic, presenting in concrete terms the social capital – corporate social capital (SC-CSC) relationship.

Other authors who do not belong to the mentioned school have an original contribution to the topic. Hall (Hall, 1993) introduced a classification of the elements of intellectual capital, independent of the Scandinavian school known in this field and the economists of the Chicago school. Roberts and Dowling (2002) focus their research on corporate reputation in the context of the concept of Corporate Social Capital (CSC).

Methodology

The concept of the Corporate Social Capital (CSC), which is based on the value of relationships, has not been tested largely empirically.

The authors' studies and their subsequent conceptualizations lead to the construction of the conceptual model presented at the end of the study.

Their long-term research work for the period 2013 - 2020 reveals the relationship between corporate social capital and corporate culture, as well as the specific role and impact of the relationship rationality - irrationality on corporate management. The main method for collecting and analyzing information, which turned out to be the most relevant, comes down to conducting in-depth interviews, the development and application of which is a contributing moment in the joint work of the author's team. In this kind of „qualitative“ research, the so-called cyclical (ethnographic) research allow for an in-depth vertical study of the problem, which implies a subsequent „reorientation“ to a new problem.

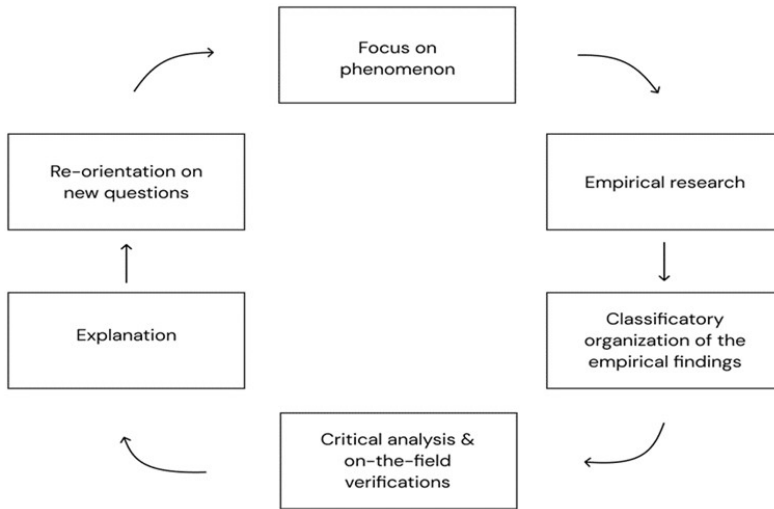
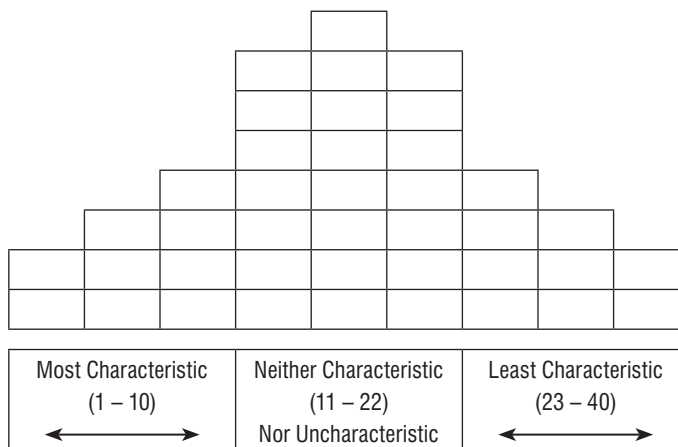


Figure 1. *Cyclical Ethnographic Research (Pant, D.R.&F. Alberti, 1997)*

The development and implementation of in-depth interviews is preceded by the implementation of cultural profiling of organizational units from different sectors. In the study of Social Capital through the manifestation of corporate culture, the model for building an organizational cultural profile is fully applicable, initially addressed to the derivation of the specifics of a particular human capital. The modeling is based on an analysis of specific corporate social capital (O'Reilly, Chatman and Caldwell, People and Organizational Culture (1991), further

developed by Cable and Judge (1997) [www.timoty-judge.com*OCP.htm](http://www.timoty-judge.com/OCP.htm)

According to the well-known figure of the model, assumptions are positioned according to their relevance to both the organizational cultural specificity and the Corporate Social Capital. The ranking is from top to bottom, the top being the most characteristic, through the neither characteristic nor uncharacteristic statements, and passes to the most uncharacteristic parameters determining the self-identification of the business unit.



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1. Adaptability
2. Stability
3. Being reflective
4. Being innovative
5. Being quick to take advantage of opportunities
6. Taking individual responsibility
7. Risk taking
8. Opportunities for professional growth
9. Autonomy
10. Being rule oriented
11. Being analytical
12. Paying attention to detail
13. Confronting conflict directly
14. Being team oriented
15. Sharing information freely
16. Being people oriented
17. Fairness
18. Not being constrained by many rules
19. Tolerance
20. Informality
21. Decisiveness
22. Being competitive
23. Being highly organized
24. Achievement orientation
25. Having a clear guiding philosophy
26. Being results oriented
27. Having high performance expectations
28. Being aggressive
29. High pay for good performance
30. Security of employment
31. Offers praise for good performance
32. Being supportive
33. Being calm
34. Developing friends at work
35. Being socially responsible
36. Enthusiasm for the job
37. Working long hours
38. Having a good reputation
39. An emphasis on quality
40. Being distinctive/ different from others

Figure 2. Organizational Culture Profile. Main Assumptions
(O'Reilly, Chatman and Caldwell, 1991& Cable and Judge, 1997)

The focus of these characteristics is on the specific intertwining of parameters defining the organizational cultural dimensions, which relate directly or indirectly to the overall construct of trust, as a foundation of social and corporate social capital, respectively.

In a study from 2009, (Milanova, 2009) it is emphasized that the company 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, the generation and validation of which should lead to constructive changes with the reputation and with the social profit, which refer to the identification and the image of the companies. An important point is that the marginal tendencies to support / in generating trust horizontally / and to recognize the leader / in generating trust vertically / are directly dependent on the degree of synchronization between the historical and specific business

maturity of the respective business unit. Building a conceptual model of the relationship between Social Capital / Corporate Social Capital / and Corporate Culture not only enriches the background against which the management profile of this culture stands out, but also provides answers to questions about:

- the evolutionary changes in the business units in Bulgaria, specifically the optimization of the human and social capital in the companies;
- the techniques and the modes for building management teams to overcome negative value overlays and to direct energy towards building positive organizational characteristics.

The idea of the conducted in 2009 research is to identify the elements that lead to the establishment of fundamental and hierarchical dependencies and, accordingly, to functional relationships between the basic

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dimensions that determine corporate culture and corporate social capital, respectively.

The model was proposed and partially tested in specific business units in Bulgaria in 2009 and 2013 (Milanova, 2009; Milanova & Naydenova, 2013). It was confirmed that in Bulgaria Social Capital arises as a spontaneous interaction, but within the Corporate Social Capital, it is significantly more difficult to control the extreme tendencies to the horizontal and vertical dimensions of trust. One of the reasons is again the repeatedly mentioned characteristic feature of the microenvironment in our country, referring to the dominance of the national over the organizational cultural dimensions /despite some positive trends in recent times /. This finding gives grounds to believe that the Corporate Culture and the Corporate Social Capital are in a reciprocal relationship related to the conservative national cultural matrix.

These relations and the establishment of their nature are essential in the design of the relationships with the management approach and with the specific management techniques. In this sense, it should be taken into account that the resilience of the Corporate Social Capital (CSC), respectively its relationship with the Corporate Culture are not constant values. There is much more variability in the components of CSC /tendency to support and empathy and tendency to recognize the leader /.

The construction of the developed model is an element of a long-term strategy, so the reflection of the conjuncture features alone is not enough. However, it is also necessary to take into account the situation, insofar as it affects the specific organizational and cultural profile and hence the choice of management mechanisms.

Main Findings

The idea of the human as a rational being and of the rational choice that leads individuals to their basic interactions also has its significant messages. Practice has shown that a significant role in the manifestation of corporate culture, as well as its interaction with social capital, in the context of corporate management, play not only specific social-utilitarian rules, but also irrational components, such as sympathy, antipathy, ambition, feeling for superiority, a sense of revenge, etc., which, despite their definite psychological determinism, turn out to be factors that in many cases hinder or even block good and reasonable management processes. These visions will be confirmed or rejected as a result of in-depth expert interviews, which will be presented below. Our view is that these characteristics of the human psyche, which are extrapolated in communication and in building different behavioral patterns, are largely dependent on the national cultural genotype, which in turn reflects on the nature and state of corporate processes in our country. That is why the essence and role of culture as a predominantly rational or predominantly irrational factor must be considered primarily contextually.

A number of principled findings give grounds to accept the idea that Corporate Culture and Corporate Social Capital (CC and CSC) are in a reciprocal relationship (Milanova, 2016; Naydenova, 2016; Milanova&Naydenova, 2017), arising from the superimposition of fundamental dependencies related to the conservatism of national culture. However, due to the lack of a sufficient number of large-scale representative business studies, the question of the nature of the relationship remains debatable. In our reasoning, we will further build on what the authors have

reached in their previous research (Milanova, 2009; Milanova & Naydenova, 2013; 2017).

It turns out that in the formula “basing business culture on common values”, these “common values” in Bulgaria are quite unambiguously identified with national ones. National specifics and national values outweigh the attempts to establish adequate business practices in a company environment.

After the application of the authors' own methodologies and several adapted ones (Milanova, 2009; Milanova, Naydenova, 2013; 2017), as well as their testing in the Bulgarian company environment /on the principle of small target samples about the definition of our national economic genotype, the authors have proven that the Bulgarian cultural matrix remains as: generic / collectivist /, unequal, with a soft culture and with a high degree of anxiety with a tendency to profess external causality. Thus, the dominant components, in the still insufficiently definite victory of “industrialism” in the sense of the industrial mentality (Toffler, 1991) and the formation of one determined by the respective trend, “add color” to the economic concreteness in all its diversity and breadth of manifestation. It is emphasized that the very categories of “industrialism and agrarianism” are used in modern conditions precisely as a specific mentality, even as a *modus vivendi*, and not only in the narrow framework of their cognitive significance. The historical review related to the genesis of our national economic genotype shows how the social-cultural environment shapes the nature and identity of its constituent units, such as economic structures (Kolev, 2017). The application of the historical-genetic approach in the economic analysis turned out to be adequate to give a precise idea of the evolution of the social-cultural parameters and their reflections.

The subordination of the dimensions of the organizational culture to the national cultural dimensions is established. The value system and the national cultural model prevail in the formation of the company culture. In the development of our economic culture, particularly at the company level, there is a sustainable recurrence, related to the stability of the national genotype and the specific combination between its cultural dimensions. It is no coincidence that culture is perceived as a spiritual state, because it is the spirit and value orientations that guide daily activities, of course, along with the manifestation of economic, sociological and technological parameters. The fact is that the specific business culture includes a set of characteristics that determine its unique nature and the ability of individual business entities to identify through it.

The postulated connection between culture, in general, and corporate culture, in particular, as well as Social Capital / Corporate Social Capital (Milanova, 2009; Milanova & Naydenova, 2013; Milanova, 2016; Naydenova, 2016) raises the problem of the direction and dimensions in which this connection should be sought in its quality as a defining characteristic of corporate management. The wide range in the manifestation of social capital and its close connection with human capital, in its diversity, explains its relation to the very evolution of human and, in particular, cultural capital (Bourdieu, 1986) within the whole “civil” or, in particular, the organizational culture, as well as the relativity to certain social parameters in the activities of organizations, such as social commitment and responsibilities in this context.

In the context of the above considerations, we should not ignore the exclusive role of the social system in the company, as a set

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of interactions and relationships between different actors, which aims to establish lasting community ties. The fact is that these relationships have an impact and often transform the effects expected according to the logic of the basic rules arising from the formal organization. It turns out that some actions of the government are determined directly by everyday conditions and circumstances, and others - by crisis situations.

Modern business units are increasingly faced with the need to change their internal social structure to meet the challenges of the environment and cannot ignore the cultural dimensions in the organization of relations. According to Hofstede, culture is characteristic of nations, and subcultures are characteristic of local communities, professions and organizations. Therefore, regardless of whether some authors tend to identify the value parameter and its manifestation in the national and organizational culture or accept the thesis that the culture of the business unit is not a matter of common values but of common practices, it is obvious that the cultural dimension can be interpreted in different ways, but it is becoming increasingly important for the overall appearance of corporate culture and corporate behavior. In general, the economic structure is a place where different cultural currents meet and undergo transformations, conditioned by the existence and functioning of social groups and the institutional environment. In this sense, the company itself is a kind of cultural institution, given the intensity, duration and complexity of human relationships that take place during its operation. Due to these facts in the modern literature the figurative perception of culture as “concrete” for a given enterprise is more and more necessary. If it is sufficiently

adapted, it provides the undertaking itself with an important competitive advantage.

The norms of the western business culture are accepted theoretically and to some extent in practice in Bulgaria, which means that the manifestations of strong collectivism with influence on the organizational cultural dimensions should be perceived as an irrational manifestation. It is possible that organizational cultures claim originality, i.e. to differ from the norms common to the majority and that is their advantage. Another question is to what extent this is achievable in reality. Proponents of the idea that the culture of economic units distances itself from the national one, as well as supporters of the opposite statement, agree with the thesis similar to the above. However, there is also the possibility (especially typical of collectivist societies) of the workplace becoming an internal group with all the consequences of such a transformation. The emotional and moral elements that often prevail in these societies are detrimental to effective organization and sometimes distort motivation (for example, if workers feel treated as members of the outside group, knowing what this means).

Such dependence is established in business contacts, and in the attitude towards customers, etc. Ultimately, it is established that the management of groups leads to the derivation of relations with employees before the attitude to work (as an organizational cultural dimension), which in turn negatively affects its effectiveness. The strength of the impact of this dimension on building a company culture oriented towards employees or work must be identified. This dimension is considered to have no connection with the value system, but rather reflects the current situation. In the Bulgarian economic specifics,

however, it is confirmed that it is directly related to the manifestation of collectivism. The emphasis is on whether at some point the organization is pressured by work, whether it looks at itself or whether this interest is expressed by the company's philosophy. A particularly important and somewhat sensitive question is to what extent this dimension predetermines the common or professional type of organization (such as Organizational Cultural Dimension - OCD), in which the individual derives his/her affiliation - rationally or irrationally, to a greater extent from the organization or work and is inclined to be identified by one or the other characteristic, respectively.

The object of the study in the management literature is the Power Distance (PD), which is explained by the value systems of those who have less power, and the ways of distribution of this power - by the behavior of the stronger members. However, the fact that there is a manifestation of power where there is an adequate manifestation of obedience should not be overlooked.

Within a nation, the power distance changes depending on the social class, education, work. It is believed that the values of the middle class have a greater impact on the institutions of a country, assuming that obtaining higher education moves the individual to the middle class. This is an orthodox, classical statement, which, however, presupposes a priori a fundamental condition - the good social stratification of modern societies and the possibility of real mobility in different strata.

Following this logic, it can be assumed that certain deviations will be found in the Bulgarian society. Then the question arises whether culture in this aspect is perceived as a rational or as an irrational factor and whether

findings of dichotomy in its determinism are reached.

When explaining the tendencies to equality or inequality, both at the state and at the level of the organization, one should take into account the tendency to perceive the external or internal causality by the average unit / feeling guilt or shame /, which intensifies respectively, the feeling of shame or guilt in different situations and when performing different functions. It is these two tendencies that definitely have the character of rather irrational components. When considered contextually, however, the tendency to profess internal causality is adequate to the Western business model which we have approached in a civilized manner, and therefore, it could be more easily identified as a rational component. Internal causality is generally a good indicator of the positive development of business culture. In most cases, priority is given to the management consulting style related to equality, but it is typical for cultures with internal causality to require initiative in the work, introduction and adoption of innovative ideas related to a sense of responsibility. The inability to drive and materialize these attitudes, especially in an organizational environment, causes the subject to feel guilt, which further motivates him, as opposed to the sense of shame associated with external causality, manifested post factum / after being exposed / and rarely serves as a stimulus. The tendency towards equality and the confession of internal causality are in a close, constant relationship, for the manifestation of which there is a lot of evidence in European history, and it is of certain importance for the progress of European societies and nations. The manifestation of this complex dimension in modern societies affects both directly and indirectly their economic growth, the economic

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structure and economic organization at the macro and micro levels. The main question is to what extent this dimension affects efficiency and productivity, especially when compared to specific organizational dimensions such as the predominance of the Process Orientation over the Results Orientation. Process Orientation implies avoiding the risk of repetitive, relatively well-known situations, while Results Orientation implies comfort to unfamiliar situations, taking on challenges and risks.

Talking about Masculinity or Femininity /assertiveness, firmness or softness/ in cultures, it should be borne in mind that this problem area traces the relationship between a certain cultural preference for attitudes, behavior and attitudes towards the state, the institutional environment, the organization. A number of social psychologists (Brem, Kassin), especially in the 1990s, (in: Hofstede, 2001) argue that the classic male type, which is more aggressive, more challenging and competitive, on the one hand, and the classic female type, who is more sensitive, more compassionate, and more willing to cooperate, on the other hand, are types whose differences are due to upbringing rather than biology. If we accept their thesis, it should follow that this dimension is rather an irrational manifestation, which is incorporated into the cultural matrix as a whole.

And in this cultural dimension, the key differences are sought in the direction of common norms, family and school education and the workplace. Particularly important are the derived characteristics of the dimensions of organizational culture. The focus is on managers and managerial skills, relying on intuition and seeking consent or decisive imposition, and on the nature of organizational culture and its specific characteristics,

e.g. conflict / resolving conflicts through compromises and negotiations or through struggle and uncompromising defence of positions /.

This finding suggests that culture, by its nature, once again manifests itself as a dichotomous system of rational and irrational components, which with good business traditions and philosophy of economic structures, can be managed and contribute to greater efficiency, but at the same time, they could lead not only to deviations, but also to undesirable and difficult to overcome negative results, which accumulate over time and block the possibility of dynamics.

In comments about avoiding insecurity / stressed, anxious vs. calm cultures /, similarly to the previous dimensions, the categories of insecurity, calmness, anxiety are refracted through the prism of early personality education and as psychological determinants are extrapolated to average units, which already defines them as problem areas or dimensions in social anthropology. Starting from this individual psychological level, one can analyze and predict the different practices in anxious and calm cultures and their impact on the economic and political organization of society, on its institutional structure, and on corporate management, corporate culture and corporate behavior.

Of course, when we talk about calm, unstressed cultures, that does not mean that these societies reject the idea of universal uncertainty as one of the foundations of modern economic theory, but they accept its challenges differently and this affects the building of values, the formation and the establishment of practices. At the same time, when examining the impact of avoiding uncertainty on initiative, attitudes to accept or reject innovations, entrepreneurial spirit,

this dimension is coordinated with others to identify and analyze intersections.

The specific problem area focuses on the reactions of aggregates with common mental software, and these reactions are determined by the degree to which the subjects of a culture feel threatened by unknown situations, even by unknown images /according to the formula "different is dangerous"/. Education in such a spirit not only narrows the perimeter of tolerance for the different in a particular culture, but also affects the management systems, the attitudes to the perception of innovations, the new in general, which carries unknown risks. Cultures or societies that have encoded such stress are less innovatively motivated, less open. Predictability, clarity in events and situations is sought.

It should be kept in mind that in relation to the organizational culture of the business unit, this dimension also acquires a more definite shape when supplemented with some of the other cultural dimensions. Especially relevant is the study of the two problem areas: avoidance of insecurity and masculinity - femininity, which deepens the analysis of the impact of employees on management systems in organizations, on the one hand, and on the other hand, the influence of managers directing goal setting and hence behavior of the relevant structures.

It has been found that in more stressed and anxious cultures there is an emotional need for rules, even when they are less necessary or not applicable (no comment on non-compliance for other reasons), there is also an emotional need for hard work, but satisfaction with it is often negative, there is in most cases tacit suppression of non-standard behavior, ideas, innovations / which does not exclude individual achievements and rationalizations /, and there is a tendency

to motivation not through achievements and results but through guaranteed security. An important consequence for anxious cultures is that its representatives are distrustful and skeptical of new ideas, new endeavors and innovations in general.

Transferred to the organization / regardless of the extent of the influence of the national cultural model /, this dependence directly affects both motivation and its structure, it is exposed to goals and behavior.

It is argued that Anxiety, as a cultural dimension, is without doubt an irrational characteristic in terms of goals and aspirations for higher efficiency and optimization of corporate human capital. To the extent that significant incentives are blocked in the activity of the entire business structure, counteracting mechanisms should be found to overcome the negativity of the manifestations of the parameter stress. On the other hand, however, the very different levels of the index for measuring uncertainty, formulated by Hofstede (Hofstede, 2001) proves again the dichotomous nature of culture as a factor and prerequisite for the rational, resp. the irrational action of individuals or groups of them, forming globally human capital. This parameter also explains the different structuring of the activities, in which the power distance also intervenes, e.g. with strong concentration of power (France), with "optimal" structure (Germany), with predominance of the situational solution of the problems (Great Britain). The first two countries are characterized by strong avoidance of uncertainty, while the United Kingdom has a relatively low value of IUA / Index of Uncertainty Avoidance / as a key indicator of the degree of anxiety and stress of cultures (Hofstede, 2001; Milanova, 2008). The case with Bulgaria is a bit more

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complicated, because regardless of its proximity to France in the specific dimension, the additional complications come from the definition of Bulgarian society as collectivist, as well as from the fact that business units in our country do not have a developed and evolved philosophy yet; and that complicates the formation of an adequate organizational corporate culture.

In connection with the above, the views on the development of entrepreneurship in different cultures are highlighted (Minkov, 2002; Milanova, 2008). Most entrepreneurs /with their own business/ are in Southern European countries, and the least are in the Scandinavian countries. Obviously, the security of paid service is preferred by more stressed people, but it is a fact that interpersonal relationships are often strained, which creates additional stress. For this reason, many people prefer to work alone without working with or obeying anyone.

However, a fact that further and emphatically emphasizes the strong contextuality of the culture as a whole is that the presence of a good structure and strict rules does not always guarantee the motivation of the members of the organization to teamwork. In general, in anxious cultures, due to greater stress, nervousness and intolerance, group work is not very effective. It is clear that problems in group work of this type are different from problems in group work in American corporate culture, for example. Therefore, the techniques offered by the American literature on this subject should not be automatically transferred to other cultures, regardless of their organizational specifics, and an adequate organizational model should be sought.

The interpretation of another dimension is becoming more and more interesting - the so-

called Confucian determinism, characteristic primarily of Eastern cultures. And if the previous dimensions are to some extent determined by Weber's concept of Protestant Ethics and its influence on Western business thinking, this dimension is based primarily on Confucius' social philosophy.

The requirements for moderation, thrift, even sacrifice, as a set of values refer to long-term orientation. They are identified as dynamic, acting in an absolutely rational way in Asian societies, where the indices of individualism are much lower, similar to the indices in Bulgaria. The reported relatively high values of the index, taking into account the level of sacrifice /Confucian dynamism/ show more frugality for a possible bad period in everyone's life, rather than a tendency to initiative and entrepreneurship, i.e. high levels are due to anxiety and stress, as well as collectivist reflections, rather than a pragmatic view of business initiatives. Thus, such a "discrepancy" with the action of other cultural dimensions once again proves the irrationality in the various manifestations of the cultural component.

It is natural that China, Hong Kong, Taiwan, and Japan lead the ranking of the highest index for this dimension. Countries like Germany, Britain, the United States, and especially Canada are in more extreme positions. It turns out that if tradition is valued in the East, and thrift is valued even more, then together with these purely Confucian characteristics, perseverance, discipline, respect for relationships and the sense of shame, determine image building and support entrepreneurship in these cultures (Hofstede, 2001). Indeed, regardless of respect for tradition, reaching a level that would hamper innovation is generally perceived as a risk factor for future development. It turns out that

in the East there are tendencies to overcome or at least to deviate values that refer to, figuratively speaking, “Confucian statics” in favor of Confucian dynamism. In this case, even gender or power distance turn out to be weaker factors in the cultural model than sacrifice or long-term orientation.

The problem of the role of the specific subcultural constructs, implemented in the specific corporate culture and respectively their influence on the cultivation of the corporate social capital and the processes of connectivity in the corporate environment, is becoming more and more original and topical. Without claiming to fully cover the existing subcultural landscape, the authors ask questions and look for the current concept of subculture, particularly, in the cultural context of the organizational environment. Of interest is the answer to the questions: whether subcultures form new configurations or mark the end of stable social groupings, characterized according to classical research with homogeneity, resilience and differentiation; whether subcultures “discipline”, limit or offer a collective space for individual differences and individual freedom to develop.

In some cases, subcultures are generally defined as “countercultures,” emphasizing the confrontation between the dominant culture and the culture of a group. Often such a subculture is considered a deviant type of culture. In the second approach to subcultures, they are seen as social formations with their own normative systems. Members of the subculture share common values, principles and beliefs. According to this approach, the subculture is part of the general culture, not opposed to it. This approach is typical of subculture research within organizational culture.

To effectively manage an organization, the manager must have a clear idea of what subcultures exist in his organization and be able to adequately assess the impact they have on achieving organizational goals.

Each organization builds its own culture, it is a major driver in shaping the behavior of managers and employees in the organization, influences their attitude to the activities of the organization and between them. Culture influences the sense of identity towards the organization, and hence the responsibility towards others and the organization as a whole.

Tom Peters and Robert Waterman (Peters, Waterman, 1982) argue that there is no “one right culture,” that is, some set of characteristics that, if developed, will give us the culture we need for the organization. Their views refer to the relativity of each value concept, i.e. the culture of the organization does not fit into “rigid” rules and inflexible schemes. Each of its characteristics exists in many degrees of enrichment - from a level of low presence to a level of extremely strong presence. Hence the understanding of the so-called strong culture and weak culture.

By strong culture of the organization we mean one in which the key values of the dominant culture are present in an active way in the behavior and activities of employees in the organization.

Accordingly, where these values are not accepted by the majority, we can talk about a weak culture of the organization.

With a strong culture, consistency in employee behavior increases. In this sense, the need for many written rules and procedures disappears, i.e. strong culture appears as a substitute for formalization. In short, a strong culture acts as an independent

factor for motivating and increasing the level of efficiency of the organization.

Building the culture of an organization depends on the competence and efforts of managers, whose goal is to unite and orient the diversity of views and values in the direction they see as the most promising for the development of the company.

Typical of organizational culture is its dynamics. In case of discrepancies in the implementation of the company's strategy, radical changes in the nature of the dominant company-wide culture are required. Due to the conservative nature of culture, in general, these strategic changes are slow and difficult to implement.

Organizations can become more flexible by allowing subcultures to emerge that stimulate their effectiveness. Although it is assumed that higher productivity is associated with a strong and unified culture, such organizations are not always adaptable enough to ensure their long-term development. Like any social structure, the culture of the organization is subject to change - it is not an end in itself, but is rather aimed at the effective development of the organization and the achievement of results that benefit all members.

Rational and irrational characteristics, incorporated in the corporate culture, have a specific impact on the formation, organization and management of human capital and are sine qua non for effective management and business results.

Results Discussion

For the period 2016-2019, on the basis of in-depth interviews, an author's research was conducted, aimed at:

- identification and assessment of the manifestation of Corporate Human

Capital through the manifestation of corporate social capital;

- identification and evaluation of the formed subcultural constructs through the specific manifestations of the corporate social capital.

The idea is to establish whether the defined rational and irrational determinants are manifested directly through management processes or through the manifestation of corporate social capital and its main characteristic - trust. In our opinion, this projection takes place within the framework of the manifestation of Corporate Human Capital, which we have defined as fundamental in modern corporate management.

Corporate Social Capital is closely linked to management, in particular business ethics, as it directly expresses the marginal propensity for empathy as a key component in the horizontal plan of corporate social capital. Regarding the vertical plan of social capital, in particular, the marginal propensity for leadership, there are some specific moments of manifestation that will be clarified through the conducted interviews.

Social capital is based on social contacts to build networks of such contacts, but at the same time it is assumed that social capital is incorporated in common values and in social institutions.

The questions during the conversation are focused on various practices related to the manifestation of corporate culture, as well as its interaction with corporate social capital, and in particular, the imposition of strict social rules or the predominance of irrational components such as sympathy, antipathy, ambition, feeling for superiority, sense of revenge, etc. A very valuable moment is the analysis of the opinions of the representatives of the expert segments, to what extent they

are aware and distinguish the manifestation of irrational aspects, because despite their psychological nature, these aspects are essential in management processes and the formation of a business climate and sometimes hinder or block the application of some good management practices.

In the course of the interview, the “experts” discussed issues related to the national and organizational cultural dimensions. Some of these dimensions turn out to be known to the interviewees, others are further clarified. Questions about the relationship of these cultural dimensions and the manifestation of corporate social capital are essential to clarifying the manifestation of corporate human capital in the context of the study.

Different types of social integrity affect differently both organizational behavior and specific economic parameters. In this sense:

A comment is made on whether and to what extent the dimension individualism vs. collectivism influence the construction of the business environment and the formation of business contacts, the profile and dynamics of entrepreneurial activity.

It is extremely important to discuss the extent to which the manifestation of power distance and the confession of external / internal causality directly or indirectly affect economic organization/ organizational behavior, especially in building trust as a key feature of the nature of social capital.

It is important how experts view the relationship of corporate social capital with the softness / firmness of culture dimension, especially given the relativity of this dimension. It is assumed that even if it does not directly affect economic performance, its relationship to organizational culture and organizational behavior should not be disputed.

An important discussion panel is the manifestation and influence of anxiety / avoidance of uncertainty on initiative, on attitudes to accept or reject innovations and on the entrepreneurial spirit, which are undoubtedly in direct relation to the components of social capital in a corporate environment. The connection between empathy and leadership (between the propensities for them), on the one hand, and the degree of anxiety / stress /, on the other hand, is both obvious and complex and ambiguous. In this sense, the opinion and especially the assessment of the various experts and expert segments is extremely important. After the nature, meaning and manifestations of the basic concepts are clarified, the discussion with the representatives of the defined segments is focused on the more pronounced contextual specifics.

In summary, the conclusions that are made on the basis of the research and in particular, when referring to the role and influence of Corporate Social Capital, generating the necessary trust and degree of connectivity, are the following:

- Despite the very different interpretations of the trust formed, as a foundation of the strength of this specific capital, despite the divergence of interpretations in different expert segments, social capital presupposes and implements different subcultural constructs,
- A significant part of the employees found perception of the idea of destructive influences on the generation of optimally strong and positive corporate social capital, as well as sharing the idea of formation and operation of sufficiently strong subcultures, which are most likely the predominant destructive forces. Much greater rigidity is observed in the

management segment on this issue, and it is most manifested in the management staff in the field of education and science.

- Based on the diagnosis of rationality and respectively of the irrationality in the manifestation of the commented subcultural formations, it becomes clear that the status, security and justice in this case are extremely strongly affected and questioned. When subcultural constructs like the ones mentioned above are born and function within the bowels of this capital, obviously the balance between decision-making, their approval, persuasion of the staff and their implementation is strongly disturbed

and deviant. Therefore, status becomes a volatile and unsatisfactory quantity, security is not a value, and the sense of justice has literally eroded. In such a corporate (organizational) environment, it is extremely difficult and almost impossible to make efficient decisions, implement good practices and optimize organizational behavior and expectations.

Based on the findings, results and confirmed hypotheses, the authors have developed a conceptual model, represented graphically below, which is focused on the broad nature of Corporate Social Capital, more specifically on its essence as a prerequisite for an effective bonding.

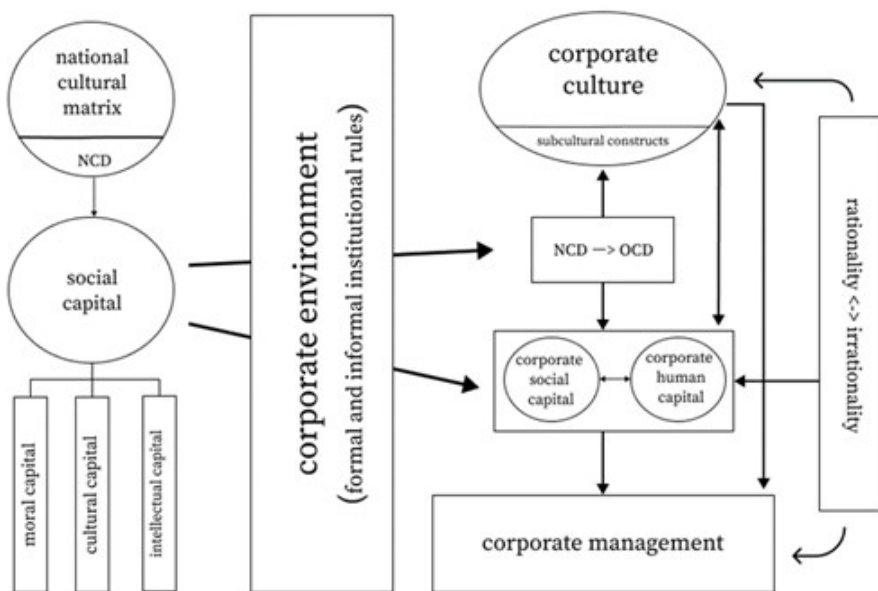


Figure 3. Multidimensionality of effective bonding

Conclusion

An active economic behavior can be shown only by the purposefully motivated individual and / or the team of such individuals, united by general organizational

interests and goals, by generally accepted organizational and cultural values, rules and norms of behavior. The establishment of a modern culture in the organization largely determines the effectiveness of business

processes and the efficiency of decisions; it is the basis and criterion for building and adequate assessment of human and social capital in organizations.

As a result of the authors' years of research, it is concluded that ignoring the importance of Economic / Corporate culture would mean that economic and managerial science should develop without a modern view of the behavior of business agents as carriers of Human Capital. Unfortunately, the Bulgarian organizational environment still fails to overcome the conservatism of its national cultural matrix and to show real openness to the new economic thinking.

In this sense, such research is useful for organizational management at all levels and in all areas. The modern world is increasingly asserting the thesis that human and social capital are fundamental prerequisites for development, which outlines a broad horizon for such research and its findings.

Our understanding is that we should not commit to deriving abstract economic policies for business structures but focus on the impartial perception of what is adequate to reality and relatively sufficient to explain the complex relational charge in the relationship rationality - irrationality, relative to the specific manifestation of corporate social capital and subcultural constructs to answer the question about the essence of the reality.

The manifestation of social capital is often influenced by hierarchical structures that presuppose authoritarianism, impose norms and expect obedience, as well as a number of irrational influences. Values and norms are not the result of discretionary or informal bargaining, but are passed down from generation to generation, going through a process of socialization. Given the values and norms thus established, habit and tradition

are more important than reason, and this statement is also valid for the manifestation of subcultures at the corporate level.

The concept of Social Capital, the references to Cultural and Moral Capital are prerequisites that create trust and desire for voluntary and informal association, enrich in a way the idea of the conditionality between national and organizational cultural dimensions and the fundamental importance of business - maturity in building the identification profile and image of the business structures.

The manifestation of Corporate Social Capital has a direct impact on the management profile of business units and the establishment of their image. This effect is revealed through an in-depth study of the evolutionary changes in business organizations in the perception of market culture and optimization of human capital management; the creation of management teams to overcome the negative value overlays reflected in the Corporate Culture and to focus their energy on building positive organizational characteristics.

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