THE EVALUATION OF SOCIAL CAPITAL BENEFITS: ENTERPRISE LEVEL

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Abstract. This paper aims to present how social capital can benefit business processes of an enterprise, which uses its social networks for business purposes, and which of those benefits are the most important in this context. The first part of this article represents the theory of social capital. The main conceptual approaches to social capital were investigated. According to this, the conception of social capital and its dimensions were introduced. The second part of this paper seeks to evaluate the benefits of social capital to enterprise’s business activities by mentioning not only benefits, which create social capital but also risks, which can occur if social capital is used improperly. The last part of this essay introduced the model of social capital’s benefits to enterprise’s business processes and evaluated, which of them are the most relevant.

Keywords: social capital, structural dimension, cognitive dimension, relational dimension, benefits of social capital, enterprise, enterprise’s business processes.

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JEL classification: M12, M14, M21.

1. Introduction

The scale of current economic and social change, the process of globalization, the rapid transition to a knowledge-based society are all challenges, which demand a new approach to organizational recourses existing in that enterprise in a form of capital (Kumpikaitė 2008; Kazlauskaitė and Bučiūnienė 2008). In recent years, traditionally there were three main types of capital, which together constituted the basis for economic development and performance such as natural, physical and human capitals. But nowadays, scholars have started to understand that those capitals can only partly determine the process of economic growth (Zhang, Fung 2006). That is why they started to talk about social capital as a missing link in the development of economical life.

The concept of social capital has been widely used by academics from different scientific backgrounds. Economists, political scientists and sociologists agree that this
conception is ambiguous and has many different connotations. For this reason it is very difficult to create one appropriate definition of social capital. According to R. D. Putnam (2000), social capital builds and maintains networks, which are underpinned by the norms of behaviour. S. P. Adler and S. W. Kwon (2002), on the other hand, stress that social capital is the goodwill that is engendered by the fabric of social relations and that can be mobilized to facilitate an action. So, according to those definitions, scholars have realized that social capital has a big impact on economic outcomes (Burt 1992; Putnam 1994; Coleman 1990) and enterprise activities (Nahapiet, Ghoshal 1998; Knoke 1999).

Most scientists agree that social capital is a potentially productive factor that has significant influence on the efficiency of enterprise’s activity but also can transform into liability if not properly constructed or used (Mačerinskienė, Vasiliauskaitė 2007). That is why the scientific problem of this paper is how social capital can benefit the performance of an enterprise, which uses its social networks for business purposes. The aim of the article is to evaluate social capital’s benefits to enterprise’s business processes and distinguish the most relevant of them. The object of this research is benefits of social capital. Main objectives: to introduce the social capital theory in modern economy; to analyze benefits of social capital and its influence on enterprise’s business processes; to create the model of social capital’s benefits to enterprise’s business activities and find the most relevant of them.

In this paper, the scientific literature and statistical data were analyzed. In the first part of this work, we investigated the conception of social capital theory, in the second part – the benefits of social capital to enterprise’s business processes were analyzed and the model of social capital’s benefits to business processes of enterprise was created. In order to distinguish the most important benefits, which social capital can make to enterprise’s business activities, the survey was performed.

2. Social capital theory

2.1. The main conceptual approaches to social capital

As it is obvious, the conception of social capital became the most popular during the last decades. Scholars started to emphasise the wideness and applicability of this concept and its ability to be appreciated in several fields. That is why social capital has a multidimensional nature (Koka, Prescott 2002). This feature of social capital is analysed by different scholars; thus it is called differently. J. Coleman (1990) addresses that conception of social capital has so-called clear “appropriateness”, F. M. Lappe and P. M. Du Bois (1997) consider that it is “surprisingly elastic”, others – that this conception simply can be meaningful for many people and generally accepted (Narayan, Pritchett 1997; Bueno et al. 2004).

When talking about the concept of social capital, we can consider that it makes a lot of confusion about its meaning to economical and organizational life, its measurement and effect on social welfare. So it is stated that nowadays social capital is only on its
first step of its life cycle (Hirsch and Levin, 1999). According to this, different scholars maintain different approaches to social capital. E. Bueno (2002) in his work “El Capital Social en el Nuevo Enfoque del Capital Intelectual de las Organizaciones”, gives four main theoretical approaches to social capital:
1. The economic development theories.
2. The social responsibility and ethics approach.
3. The corporate governance code.
4. The intellectual capital approach.
5. Those four approaches and their main ideas are presented in the table below (Table 1).

**Table 1. Main conceptual approaches of social capital (Source: Bueno et al. 2004)**

<table>
<thead>
<tr>
<th>Social capital approach</th>
<th>Main ideas</th>
<th>Relevant contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic development</td>
<td>Confidence, civic behaviour and associativity strengthen the social networks, contributing to the sustainable economic development.</td>
<td>Putnam (1994); Knack and Keefer (1997); Stiglitz (1998)</td>
</tr>
<tr>
<td>Social responsibility and ethics</td>
<td>Social capital expresses the degree of social integration and responsibility with respect to the whole society and its agents and groups. It is based on values and attitudes, such as confidence, cooperation, safety, principles of ethics and compromises.</td>
<td>Coleman (1990); Newton (1997); Chang (1997); Kawachi <em>et al.</em> (1997); Bullen and Onyx (1998); Joseph (1998); Cortina (2000); Baron (2001)</td>
</tr>
<tr>
<td>Corporate governance</td>
<td>Ethics and corporate governance codes make positive impact on the creation of social capital, stimulating the solidarity and overcoming market imperfections.</td>
<td>Baas (1997); Sen (1997); Zingales (2000); Rajan and Zingales (2000)</td>
</tr>
<tr>
<td>Intellectual capital</td>
<td>Social capital is a component of intellectual capital. It is based on a set of values and the subsequent indicators such as confidence, loyalty, sincerity, compromise, transparency, solidarity, responsibility, honesty and ethics.</td>
<td>Nahapiet and Ghoshal (1996); Koening (1998); Prusak (1998); Lesser and Prusak (1999); Lesser (2000); Cohen and Prusak (2001); Kenmore (2001); Lesser and Cothrel (2001); McElroy (2001)</td>
</tr>
</tbody>
</table>

After the review of different approaches to social capital, we decided to adopt intellectual capital approach because, as it is stated by Eurostat analysts (2000), knowledge society is characterized by the relevant growing of intangible assets and social activities. Moreover many scholars try to reinforce the inclusion of social activities in the set of intangibles that compose intellectual capital (Bueno *et al.* 2004). So, it is acceptable to investigate social capital as a part of multidimensional phenomena – intellectual capital as it can increase the value of intangible assets by using its innovativeness.
2.2. The conception of social capital

In this turbulent time when the development of the new markets and technologies is rapidly increasing all over the world, every organization and every manager has to know that business is run better when people who work in a company know and trust each other. This leads to productiveness of team working, faster learning and creativity within an organization. As L. Prusak and D. Cohen (2001) claimed, strong relationships between companies’ workers are vital in organizations. So, it is obvious that in recent years, the concept of social capital has been widely promoted in different tasks of business activities.

The essence of social capital is that network relationships, including family, friends, casual relationships and even contact with strangers, provide a rich resource in terms of knowledge, information and support in individual, organizational and public levels (Taylor et al. 2004). Thus social capital can be analyzed in three different levels – micro (individuals), mezzo (organizations) and macro (state). In this study we will consider on mezzo level so the analysis of corporate social capital will be the core aim of this paper.

The concept of social capital is related to “citizen engagement” and describes “features of social life-networks, norms, and trust that enable participants to act together more effectively to pursue shared objectives” (Putnam 1994). Moreover, it can be understood as a collective resource in organization, which helps to achieve macro outcomes on the state level.

Social capital theory has its main three “godfathers” who formulated the basics to this conception and tried to investigate the main points of social capital and its importance to economics and organizational life. They are P. Bourdieu, J. Coleman and R. Putnam. So, during last 25 years, their works on social capital created the most important foundations in this area. The first was P. Bourdieu (1986) who in his work “The forms of capital” (1986) tried to explain the relevance of social capital and its importance in economic affairs. He considers that social capital can be divided into two elements. It is social relationships that allow individuals to claim access to resources and the amount and quality of those resources (Ferri et al. 2009). That is why P. Bourdieu (1986) defines social capital as […] the aggregate of the actual or potential resources, which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition.

Despite the fact that P. Bourdieu was the first who tried to write about social capital in economic context J. Coleman’s work “Social capital in the creation of human capital” was the first to receive widespread attention. He tried to explain social capital with reference to its function as […] a variety of entities with two elements in common: they all consist of some aspect of social structures, and they facilitate certain action of actors – whether persons or corporate actors – within the structure (Coleman 1988). So referring to those two scholars and their conceptions of social capital, we can stress that P. Bourdieu’s definition includes the material conditions
that can drive the formation of social process while J. Coleman’s approach considers only motivation in individual level.

The third “godfather” of social capital and usually called as the guru of social capital is R. Putnam. He differently from P. Bourdier and J. Coleman has concentrated on national civic association and the general well-being of communities in his understanding of social capital (Ferri et al. 2009). Putnam investigated collective social capital of the population and defined it as [...] features of social organizations, such as trust, norms and networks that can improve the efficiency of society by facilitating coordinated actions (Putnam 2000). According to those three conceptions of social capital, we can find one and the main common feature – that social capital consists of social relationships that allow members of those networks to access additional recourses via them because they cannot be find in a different way.

When talking about a variety of social capital conceptions, P. S. Adler and S-W. Kwon (2002) assumed that definitions of social capital can be divided by whether they:

1. Focus on the relations an actor maintains with other actors (internal).
2. Focus on the structure of the relations among actors within a collectivity (external).
3. Focus on both types of linkages (both).

In literature, usually external type of social capital is called “bridging” (describes more distant connections between people and is characterized by weaker but more cross-cutting ties, e.g. with business associates, acquaintances, friends of friends, and is good for “getting ahead” in life (Webb 2008)). In this view, the scientists focus on social capital as a resource build on individual’s external social ties and used for the individual’s private benefit. It can help to explain success of individuals and organizations in their competitive rivalry and reflects the egocentric network analysis.

The internal type of social capital is called “bonding” (describes closer connections between people and is characterized by strong bonds, e.g. among family members or close friends, and is good for “getting by” in life (Webb 2008)). This view focuses on collective actors’ internal characteristics (Adler and Kwon 2002). It is about the linkages between individuals or groups within the collectivity and it refers to socio-centric network analysis.

The third group of definitions is neutral according to this internal / external dimension. It has both elements. For example, the relations between an employee and colleagues within a firm are external to the employee but internal to the firm (Adler and Kwon 2002). In order to put more clarity to this view, the definitions of social capital by different scholars were divided into internal, external and both groups as it is shown in Table 2.
Table 2. Definitions of social capital (Source: Adler and Kwon 2002)

<table>
<thead>
<tr>
<th>Group of SC</th>
<th>Author</th>
<th>Definition of SC</th>
</tr>
</thead>
<tbody>
<tr>
<td>External</td>
<td>Baker (1990)</td>
<td>“A resource that actors derive from specific social structures and then use to pursue their interests; it is created by changes in the relationship among actors.”</td>
</tr>
<tr>
<td>External</td>
<td>Bourdieu (1985)</td>
<td>“The aggregate of the actual or potential resources, which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition.” “Made up of social obligations, which are convertible, in certain conditions, into economic capital and may be institutionalized in the form of a title of nobility.”</td>
</tr>
<tr>
<td>External</td>
<td>Bourdieu and Wacquant (1992)</td>
<td>“The sum of the resources, actual or virtual, that accrues to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance or recognition.”</td>
</tr>
<tr>
<td>External</td>
<td>Boxman, De Graaf, Flap (1991)</td>
<td>“The number of people who can be expected to provide support and the resources those people have at their disposal.”</td>
</tr>
<tr>
<td>External</td>
<td>Burt (1992; 1997)</td>
<td>“Friends, colleagues and more general contacts through which you receive opportunities to use your financial and human capital.” “The brokerage opportunities in a network.”</td>
</tr>
<tr>
<td>External</td>
<td>Coleman (1990)</td>
<td>“Social capital is defined by its function. It is not a single entity, but a variety of different entities having two characteristics in common: they all consist of social structure, and they facilitate certain actions of individuals who are within the structure.”</td>
</tr>
<tr>
<td>External</td>
<td>Knoke (1999)</td>
<td>“The process by which social actors create and mobilize their network connections within and between organizations to gain access to other social actors’ resources.”</td>
</tr>
<tr>
<td>External</td>
<td>Portes (1998)</td>
<td>“The ability of actors to secure benefits by virtue of membership in social networks or other social structures.”</td>
</tr>
<tr>
<td>External</td>
<td>Fukuyama (1995)</td>
<td>“The ability of people to work together for common purposes in groups and organizations.” “Social capital can be defined simply as the existence of a certain set of informal values or norms shared among members of a group that permit cooperation among them.”</td>
</tr>
<tr>
<td>Group of SC</td>
<td>Author</td>
<td>Definition of SC</td>
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<tr>
<td>Inglehart (1997)</td>
<td>“A culture of trust and tolerance in which extensive networks of voluntary associations emerge.”</td>
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<tr>
<td>Portes and Sensenbrenner (1993)</td>
<td>“Those expectations for action within a collectivity that affect the economic goals and goal-seeking behaviour of its members, even if these expectations are not orientated toward the economic sphere.”</td>
<td></td>
</tr>
<tr>
<td>Putnam (1995)</td>
<td>“Features of social organization such as networks, norms and social trust that facilitate coordination and cooperation of mutual benefit.”</td>
<td></td>
</tr>
<tr>
<td>Thomas (1996)</td>
<td>“Those voluntary means and processes developed within civil society, which promotes development for the collective whole.”</td>
<td></td>
</tr>
<tr>
<td>Loury (1992)</td>
<td>“Naturally occurring social relationships among persons, which promote or assist the acquisition of skills and traits valued in the marketplace […] an asset, which may be as significant as financial bequest in accounting for the maintenance of inequality in our society.”</td>
<td></td>
</tr>
<tr>
<td>Nahapiet and Ghoshal (1998)</td>
<td>“The sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit. Social capital thus comprises both the network and the assets that may be mobilized through that network.”</td>
<td></td>
</tr>
<tr>
<td>Schiff (1992)</td>
<td>“The set of elements of social structure that affects relations among people and is inputs or arguments of the production and/or utility function.”</td>
<td></td>
</tr>
<tr>
<td>Woolcock (1998)</td>
<td>“The information, trust and norms or reciprocity inhering in one’s social networks.”</td>
<td></td>
</tr>
<tr>
<td>Adler and Kwon (2002)</td>
<td>“Social capital is the goodwill available to individuals or groups. Its source lies in the structure and content of the actor’s social relations. Its effects flow from information, influence, and solidarity it makes available to the actor.”</td>
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</table>

So, after reviewing those definitions, we relied on the P. S. Adler and S-W. Kwon (2002) social capital conception and also tried to define it by encompassing internal and external ties, which allowed us to attribute both individual and collective actors. Thus social capital is the goodwill available to individuals or enterprises (groups), which lies in the structure of actor’s social relationships. It creates value by using those relationships, which are based on social trust, shared values / beliefs and acceptable norms between the members of those networks.
2.3. Social capital dimensions

As we have noted, earlier social capital was analysed as a one-dimensional concept (Coleman 1988; Bourdieu 1986), but after the works of J. Nahapiet and S. Ghoshal (1998), M. W. McElroy et al. (2006), J. J. Hoffman et al. (2005) and others, social capital became a multidimensional phenomenon with different amount of dimensions.

In order to make some clarity about different dimensions of social capital, which are divided by different scientists, we drew a table (Table 3) with some examples how social capital was divided in literature

<table>
<thead>
<tr>
<th>Author</th>
<th>Social capital dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nahapiet and Ghoshal (1998)</td>
<td>Structural dimension (social network); Relational dimension (trust, norms); Cognitive dimension (codes, beliefs).</td>
</tr>
<tr>
<td>McElroy et al. (2006)</td>
<td>Trust; Beliefs; Norms; Rules; Network.</td>
</tr>
<tr>
<td>Hoffman et al. (2005)</td>
<td>Information channels; Social norms; Obligations and expectations; Identity; Moral infrastructure.</td>
</tr>
<tr>
<td>Evangelinos and Jones (2009)</td>
<td>Social networks; Social norms; Institutional trust; Social trust.</td>
</tr>
</tbody>
</table>

No matter that in literature social capital is divided differently (Table 3), usually in most conceptions, we can find the main three common elements of social capital. It is social network, which in McElroy’s et al. (2006) work is called “network” and in Hoffman’s et al. (2005) theory it is “information channels”. Also in all those conceptions we can see social norms and trust, which in different conceptions can be divided into smaller groups. That is why in this paper we decided to use J. Nahapiet and S. Ghoshal (1998) conception because those three dimensions encompass all other dimensions mentioned by other scholars (Fig. 1).

**Structural dimension.** The structural dimension of social capital describes the physical structure or links between people in networks. In other words, as Burt (1992) explained, it refers to whom you reach and how you reach those social relationships. Moreover, Nahapiet and Ghoshal (1998) in their fundamental proposition of social capital addressed that network ties provided access to resources, which provided the enterprise with not only a wide range of opportunities but also constraints. Thus social
capital can be analyzed from two different points: how social capital can improve the performance of enterprises (benefit) and how much risk enterprise should take in order to maintain and support its social capital (risk). In this paper, we will pay more attention to social capital’s benefits for enterprise performance, and risks will be briefly mentioned in order to have a comprehensive view.

Finally, it is important to know that social relations are information channels, which reduce the amount of time and investment required for collecting necessary information (Nahapiet, Ghoshal 1998); also they encompass individual ties as well as formal and informal relationships, strategic and spontaneous action, and, moreover, rationalities and irrationalities (Coleman 1990).

Cognitive dimension. The cognitive dimension of social capital refers to those resources that represent shared understanding of common goals and the proper ways of acting — for example, shared language and codes (Yli-Renko 1999). N. Llewellyn and C. Armistead (2000) noticed that cognitive dimension differs from relational one because it captures the extent, to which shared ways of thinking and interpreting events support the generation of social capital, while relational dimension’s of social capital purpose is to access the emotional bonds that hold those networks together. The cognitive dimension of social capital is important because through its standards and unified codes, it helps to understand other network members and leads them to act accordingly to their expectations.

According to L. Prusak and D. Cohen (2001), the main element, which builds social capital, is a conversation between members of social network, which binds those people into communities. But this element could not be implemented if there were no unique languages and understandable codes, which are the main factors of cognitive dimension of social capital. Those conversations in this point of view consist of gossip, stories, mutual discovery of meanings, negotiation of norms and aims and expressions of sympathy, disapproval, bewilderment and understanding (Totterman, Sten 2005). Moreover, those conversations can be analyzed not only through ability to give verbal information but also taking into account the tone of voice and nonverbal expressions when conversation occurs face-to-face.
Relational dimension. The relational dimension of social capital is defined as the behavioural assets rooted in a relationship such as trust and trustworthiness (Yli-Renko 1999). Trust is a very rich concept, covering a wide range of relationships, conjoining a variety of objects (Colesca 2009). That is why trust is usually analyzed as the fundamental element to social capital’s existence and growth because trust and friendship are vital in development of social network ties. Because of this tight connection between trust and social capital, there is some confusion about whether social capital is the result of trust or they are virtually interchangeable. This was analyzed by different scholars but no common opinion was obtained.

Furthermore, if we want that relational dimension of social capital properly supported social network, it should be based on social norms and sanctions. Norms are the informal rules that the members of a network must follow (Berggrer, Silver 2009). If they are broken, some sanctions should be taken in order to keep the balance of obligations and expectations in those networks. This conception helps to maintain and support trust as it is obvious that norms applied in an organization should primarily focus on generating trust but not competition between parties (Totterman, Sten 2005).

To sum up, in literature, we can find many different authors who try to explain social capital conception and its importance for an enterprise. Thus it is very important to define this phenomenon in order to have a comprehensive view of social capital in this paper. So, we decided to rely on Adler and Kwon conception of social capital and also distinguish three social capital dimensions as it was done by Nahapiet and Ghoshal. So, in this paper, social capital is the goodwill available to individuals or enterprises (groups), which lies in the structure of actor’s social relationships. It consists of structural, relational and cognitive dimensions and creates value by using social relationships, which are based on social trust, shared values/beliefs and acceptable norms between the members of those networks.

3. Benefits of social capital and its influence on business processes of an enterprise

During the last year, social capital has become one of the most important scientific phenomena in different social sciences, such as sociology, politics, economy, business management, etc. Scholars have used social capital conception in order to face different problems in their fields. They tried to explain how social capital could influence the problems of the 21st century, emerging from such elements as family and youth role in community life, democracy and government importance in economic development process and others.

At the same time, social capital also has been started to analyze in the enterprise level. As R. S. Burt (1992) stated, social capital conception has spread to corporate level because different organizations can be considered as social agents, which have common social networks, norms and trust that is equal for every member of that organization.
According to this, an enterprise has become one social unit, which can be analyzed from the perspective of social capital. That is why different scholars started to investigate how social capital could benefit from the performance of the particular enterprise, which uses its social networks for business purposes and there is no risk of using them.

**Benefits of social capital.** According to F. Sabatini (2006), social capital can benefit enterprise performance by fostering the diffusion of information and knowledge, lowering uncertainty and transaction costs and enhancing economic development dependent on the level of trust within networks. Moreover, in literature we can find many different benefits of social capital, which help to encourage performance of an enterprise. F. Sabatini (2006) and E. Bueno *et al.* (2004) in their works state that social capital can:

- improve economic capabilities of consumers and producers;
- strengthen relations with suppliers, also promote regional network production and inter-organizational learning;
- stimulate participation opportunities in social environment, which allow people to meet frequently, as fertile ground for nurturing shared values and social norms of trust and reciprocity;
- increase likelihood of repeated interactions among agents as it can increase reputation of an enterprise;
- foster better diffusion of information that makes behaviour more foreseeable and reduces uncertainty;
- influence professional success;
- help workers in the job search process and create a better portfolio of employees for the enterprise;
- reduce the rotation of employees;
- stimulate innovation, intellectual capital creation and the efficiency of multidisciplinary teams in enterprise;
- facilitate the exchange of resources between units;
- reduce the average cost of transactions due to the increase of trust-based relations, just as an increase in physical capital reduces the average cost of production.

Those listed statements show only some social capital’s benefits, which can occur in enterprises when social capital is used properly. There are much more of them. Thus, it is very important to investigate those benefits and evaluate whether they are really beneficial.

**Risks of social capital.** There is a tendency that the majority of scholars identify social capital as a resource with only positive outcomes, but, after deeper investigation of this phenomenon, we can also find a different opinion. Some scientists oppose that considering social capital simply from the positive view shows only one side of this multidimensional conception. As Adler and Kwon (2002) stressed, there are three main considerations why we have to refer to social capital from more balanced view. Firstly, investments in social capital are not costless reversible or convertible differently.
from investments in physical capital. Moreover, unbalanced investments or over-investments in social capital can cause unplanned constraints and liabilities. Secondly, there can be situations when no matter that social capital is beneficial to a focal actor, it can have negative consequences for the broader aggregates of which that actor is a part of. According to Adler and Kwon (2002), these multilevel issues are inescapable when the lens of social capital is used to analyze complex enterprises. Finally, it is obvious that a given set of social capital benefits and risks can have a different ultimate value for an actor depending on a number of moderating factors, which can occur in economic life.

I. Mačerinskienė and J. Vasiliauskaitė (2007) in their work “The model of evaluation of the impact of corporate social capital on the operation of enterprise” distinguished six main risks, which can occur in an enterprise when it is using social capital. They are as follows:
- restrictions on individual freedom, flexibility and innovation;
- excess claims on group members;
- outflow of vital information attendant by negative outcomes for information owner;
- redundant information;
- exclusion of outsiders;
- costs of social capital / irrational or over investment.

So, according to those statements, it is necessary to consider social capital from two-sided opinion because sometimes the risk, which occurs on the enterprise level, can outweigh those benefits, which are created by using social capital. However, in this article, we exclude the dimension of the risk and mostly concentrate on the benefits of social capital.

In order to better understand the quality of social capital’s benefits and how they influence different business processes in the particular enterprise, the model, which explains what kind of benefits social capital creates to enterprise’s business activities, has been created.

4. The model of social capital’s benefits to enterprise’s business processes

As we have mentioned earlier, it is very important to evaluate social capital’s relevance to different business activities of an enterprise. This evaluation can be done by revealing how appropriate usage of social capital can benefit the performance of an enterprise. Thus, it is useful to overview what kind of benefits social capital can create to business processes in a company. For this reason, the model – which shows the structure of social capital, discussed in this article, and illustrates those benefits that social capital can create in an enterprise – has been created (Fig. 2).

So, as it is shown in the model (Fig. 2), in our point of view, social capital is a part of intellectual capital as social activities and intangible assets in nowadays economic life are very closely related and maintain each other. As we all know, in modern economy, intangibles have become even more important than financial opportunities of an organi-
zation because good usage of nonmaterial elements of an enterprise can create all those financial facilities and even more. So, according to this, we want to stress that social capital as other dimensions of intellectual capital such as human or structural capitals are very important in creation of enterprises’ goodwill.

Moreover, the model of social capital’s benefits to enterprise’s business processes tries to illustrate how social capital is composed. So we can see (Fig. 2) that social capital has three dimensions – structural, cognitive and relational. Elements of those dimensions, such as social networks, norms and codes of behaviour and cooperation and trust format that social capital created in an enterprise. As it is known, social capital can be internal or external; so in this model we assume social capital as both internal and external in order to better illustrate those benefits for an enterprise, which are created from both internal and externalsocial capital.

![Fig. 2. Model of social capital’s benefits to enterprise’s business processes](image-url)
The discussed conception of social capital creates benefits to business activities of an enterprise. As it is shown in the model (Fig. 2), there are many different business processes, which can be improved if an enterprise properly uses its social capital. Those benefits can encompass both internal and external activities of the company; can create a better image of the enterprise, strengthen relations with third parties of the company; it also ensures the increase in sales and profits or better portfolio of employees, which will create goodwill for that company, etc. Thus, it is very important to evaluate those social capital’s benefits to the enterprise.

According to this model, the survey in order to investigate which of those benefits mentioned in our model have the biggest possibility to occur in the enterprise using and promoting its social capital, has been performed. The questionnaire involving 409 respondents from Lithuanian companies was constructed. The main objective of the respondents was to agree or disagree with the statements about benefits created by social capital to the enterprise. They had to measure those statements from 1 to 5 (where 1 – completely disagree, 5 – absolutely agree) according to the Likert scale. The results are shown in the picture below (Fig. 3).

**Fig. 3.** The empirical evaluation of social capital’s benefits to enterprise business processes

As this empirical investigation showed (Fig. 3), the majority of the respondents, who were participating in this survey, believed that good usage and promotion of enterprise’s social capital more likely could benefit enterprise’s business processes by reducing the rotation of employees (3.97), increasing reputation (3.95) and building high efficiency (3.95) of the company and also could help to ensure better portfolio of employees working in the enterprise (3.93). On the other hand, they stated that social capital was not
so strong to help the enterprise reduce its business risk, increase its sales and profits or renew its products and expand their distribution channels.

To sum up, we can state that this small investigation showed that people working in different organizations assume that social capital could benefit business activities of enterprise connected with work force problems and the prestige of that enterprise but in order to reduce business risk of the company, improve its sales and profit or create new products an enterprise needs much more resources than only social capital. They agree that social capital is important in those fields, but it has to cooperate with other capitals of that enterprise in order to achieve the best results.

5. Conclusions

As it is obvious, the conception of social capital has become the most popular during the last decades. Scholars started to emphasise the wideness and applicability of this concept and its ability to be appreciated in several fields. Thus social capital has a multidimensional nature and in this paper is investigated as a part of intellectual capital as it can increase the value of intangible assets by using its innovativeness. Referring to the scientific literature we can find many different authors who try to explain social capital conception and its importance for an enterprise; as well as we integrate some scholars’ definitions and state that social capital is the goodwill available to individuals or enterprises (groups), which lies in the structure of actor’s social relationships. It consists of structural, relational and cognitive dimensions and creates value by using social relationships, which are based on social trust, shared values / believes and acceptable norms between the members of those networks.

Most scientists agree that social capital is the potentially productive factor that makes significant influence on the efficiency of enterprise’s activity. Moreover, its proper usage creates many benefits for enterprise’s business processes. So, different scholars have started to investigate the ways social capital can benefit the performance of a particular enterprise, which uses its social networks for business purposes, and are there any risks of using them. In such analyses it is recommended to consider social capital from two-sided opinion because sometimes that risk, which occurs in enterprise level, can overweight those benefits, which are created by using social capital. However in this paper, we concentrate on the benefits of social capital and how they can improve the particular business activities of a company.

In order to better understand the quality of social capital’s benefits and how they influence different business processes in a particular enterprise, the model, which explains the types of benefits social capital creates to enterprise’s business activities, has been created. According to this model, the survey in order to investigate which of those benefits mentioned in our model have the biggest possibility to occur in an enterprise using and promoting its social capital, has been carried out. The results of the survey showed that social capital could benefit business activities of the enterprise connected with work
force problems or the prestige of that enterprise but in order to reduce business risk of the company, improve its sales and profits or create new products the enterprise need much more resources than only social capital. Only the good combination of different tangible and intangible recourses can properly benefit all business processes of an enterprise.

References


SOCIALINIO KAPITALO NAUDOS VERTINIMAS: ĮMONĖS LYGMUO

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Santrauka

Straipsnyje siekiama pateikti, kaip socialinis kapitalas gali gerinti įmonės verslo procesus, kaip naudojamas verslo tikslais socialiniuose tinkluose ir kurie veiksnių naudos aspektų yra vertingiausi. Pirmojoje šio straipsnio dalyje buvo nagrinėjama socialinio kapitalo teorija ir pagrindiniai koncepciniai požiūriai. Remiantis teorine analizė, buvo identifikuota socialinio kapitalo koncepcija ir veiksniai. Antrojoje straipsnio dalyje buvo tiriama socialinio kapitalo vertė įmonių verslo procesams, pabrėžiant ne tik socialinio kapitalo sukuriamą vertę, bet ir riziką, kuri gali atsirasti, jei socialinis kapitalas netinkamai naudojamas. Paskutinėje straipsnio dalyje pateiktas socialinio kapitalo įmonės verslo procesų naudos modelis ir įvertinti tiesiogiai su šiuo procesu susiję veiksnių.

Reikšminiai žodžiai: socialinis kapitalas, struktūrinė dimensija, kognityvinė dimensija, santykių dimensija, socialinio kapitalo nauda, įmonė, įmonės verslo procesai.

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