STRENGTHENING THE SOCIAL CAPITAL OF ENTERPRISES IN THE LIGHT OF DEMOGRAPHIC CRISIS

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Purpose: The purpose of the article is to present the social capital of the enterprise as a resource in response to the demographic crisis existing in Poland and to present possible instruments for its strengthening on the ground of enterprise management.

Design/methodology/approach: Analyzing data from secondary sources (Central Statistical Office, Eurostat), the main symptoms of the demographic crisis in Poland were identified. Particular attention was focused on those that determine the operation of Polish enterprises causing changes in the age structure on the labor supply side. Then social capital was presented in the role of a strategic resource of an enterprise, which allows it to adapt to the dynamically changing conditions of doing business. In addition, the main instruments and ways of strengthening social capital in enterprises are indicated based on the analysis of available research studies. The article is a continuation of the author's work on the management of social capital of enterprises and, at the same time, an introduction to the planned subsequent empirical research in this area.

Findings: Statistical data clearly indicate that Poland is facing a deepening demographic crisis. The effect of the transformations discussed is the growth of the population from the so-called "pre-old age", and thus the aging of labor resources. As a result, the need to better utilize the potential of older people in companies is recommended. However, this requires a commitment primarily on the part of trust, which is the main resource of social capital. This can take the form of improving training policies for the creation of new knowledge and its transfer among project team members, organizing workplaces that coincide with the concept of age diversity management, intergenerational cooperation and also respect for the knowledge and competence of organizational members.

Research limitations/implications: The main difficulty concerning the study of social capital in the enterprise is its non-material dimension. The available literature indicates that there is a gap regarding its operationalization. Thus, the assessments made of its impact on various aspects of enterprise performance are so far uncertain.

Practical implications: This article can provide valuable information on how to invest in corporate social capital. Due to its existence in the structure of relationships, it can cause enterprises to be more flexible, which is important in a period of turbulent economic conditions.

Originality/value: It is worth pointing out here that this article is a valuable source of knowledge on social capital management in the enterprise and can be used in the activities of entities of various industries.

Keywords: social capital, demographic crisis, trust.

Category of the paper: research paper.
1. Introduction

An enterprise is a collection of diverse resources. The way in which they are used is unique to each organization. Of particular importance are the key resources that contribute most to building and maintaining competitive advantage. Wanting to achieve market success, it is necessary to subject these resources to such transformations that represent higher and higher strategic value. According to M. Bratnicki, at the top of the strategic hierarchy are competencies (2000, p. 112). They are the result of the fusion of lower-level components, i.e. resources, processes and capabilities, with increasing difficulty in their creation and use. According to the author, having core competencies is a necessary, but not sufficient, condition for an organization to achieve and maintain a competitive advantage. It is also important to have a specific strategic intention, which can be expressed in the form of "ambitious goals" that challenge and generate creative tension for the development of the company's competencies and the activation of organizational learning at the appropriate level" (Bratnicki, 2000, p. 116). A major difficulty in achieving goals and creating core competencies for enterprises is the dynamically changing conditions of their operation. The intensification of economic processes observed in the last decade, further strengthened by global effects related to the COVID-19 pandemic and the armed conflict in Ukraine, causes enterprises to be forced to constantly modify their activities. The previous methods of thinking and principles that guide modern enterprises are becoming outdated. An additional circumstance unfavorable for the management processes of a modern enterprise is the coexistence of negative trends of a demographic nature, observed in Poland over the past decade. The purpose of the article is to present the social capital of the enterprise as a resource in response to the demographic crisis existing in Poland and to present possible instruments for its strengthening on the ground of enterprise management.

2. Symptoms of demographic crisis

Over the past several years, the demographic phenomena occurring in Poland are collectively referred to by economists as a demographic crisis causing changes in the occupational structure of the population. Its rationale is to be found in at least several trends that determine the conduct of business and pose challenges to modern managers.
First, with the development of civilization, changes in lifestyles, advances in the medical field, as well as a growing awareness of dietetics or body hygiene, life expectancy is increasing. In 1950, the median age in Poland was 56.1 for men and 61.7 for women (CSO data). This means that exactly half of Poles have not yet reached that age, and the other half have already passed it. Statistics for 2021 indicate that this age will increase to 71.8 for men and 79.7 for women (CSO data).

Secondly, over the past several years, Poland has seen a gradual increase in the post-working age population, from 6.46 million in 2010, to about 8.53 million in 2021 (CSO data), with the total population, as well as the pre-working and working age populations, falling over this period, as shown in Figure 1.

**Figure 1.** Share of population by economic occupational groups in the total population in Poland in 1950-2022 (in %).

Source: CSO data by LFS.

More than a decade ago (in 2010), the post-working-age population accounted for 16.8% of the total population, increasing this share to 22.9% in 2022. In addition, since 2012, a deepening negative natural growth rate has been observed in Poland, reaching -143.3 thousand in 2022, with the benchmark value of this phenomenon in 2010 at +34.8 thousand. The increase in the old-age rate is related to the enlargement of the elderly group by the increasing number of people born in the 1950s (during the period of the compensatory boom) (CSO data). At the same time, the percentage of people aged 15-64 is falling. This causes worrying shifts in the age structure, as well as on the dependency ratio. In 2022, for every 10 people of working age, there will be as many as 3.9 people of post-working age, and only 3.1 of pre-working age (CSO data). This means that the labor resources that will enter the labor market in the future are fewer than those who have already left it.
Third, the migration balance for Poland has been growing significantly in recent years. Eurostat data shows that in 2021 the number of immigrants in Poland was 241.1 thousand, which was fifth on the list of European countries, behind Germany (874.4 thousand), Spain (528.9 thousand), France (336.4 thousand) and Italy (318.4 thousand). In the same year, the number of emigrants in Poland was 201.6 thousand, which in turn placed us at the bottom of the ranking among European countries, behind Romania and Spain (Eurostat, 2023b). In light of the above, it can be concluded that Poland has achieved a positive migration balance. However, it should be noted at the same time that this result was significantly influenced by the inflow trend of migrants from Ukraine, which has been observed in Poland for several years. In addition, this movement has been dramatically increased since February 2022, after the outbreak of war across our eastern border. Wanting to address the labor market situation in Poland, we cannot ignore the huge migration wave from our eastern neighbors in 2022. Here we can talk about two migrant populations, who ended up in Poland for completely different reasons. The first population consisted of migrants who crossed the Polish border for work purposes, even before the outbreak of full-scale war. They represented a significant part of the labor supply in the Polish market already before 2022, gradually adapting to the prevailing conditions. Here we can speak of some favorable incentives for the difficult labor market situation in Poland. The second group is fed by refugees who arrived in Poland at a rapid pace within a few months of the outbreak of the war. Despite the influx of this wave of war migrants, the problems of labor supply in Poland cannot be said to have been solved. In the case of the first group, we can see that since 2015, the population of foreigners taking up work in Poland has steadily increased, eventually shaping up to be nearly six times higher in 2022 (fig. 2). They gradually became accustomed to our domestic labor market, learned the Polish language, had time to change jobs several times in search of the most satisfying one, which eventually verified their plans to stay in the labor market. On the other hand, in the case of the second group, the situation is much more complicated. The mentioned processes were very abrupt in nature. The reason for migration for these people was not for salary reasons, but only to seek refuge. It should be emphasized here that, despite the declared high willingness to work on the part of war migrants, the other processes, which in the case of the first group occurred naturally (including knowledge of the Polish language, previous experience of staying in Poland), could not be accelerated. As indicated by a study commissioned by the NBP, despite the fact that most refugees looking for work quickly found it, the percentage of unemployed is still relatively high among them and their average economic situation is relatively worse than that of previous labor migrants (NBP, 2023, p. 13).
Those who have migrated to Poland are characterized by high labor force participation. Among them, about 65% are working, about 24% are looking for work, and only 11% are economically inactive (NBP, 2023, p. 13). In Poland, in the same period, according to the Labour Force Survey, the share of working women aged 15-64 was at 65%, the unemployed were 2%, and the economically inactive were 33% (NBP, 2023, p. 13).

The dynamics of changes in the labor market in Poland is a challenge for determining the labor force participation of the population. Moreover, according to statistics, only one in five refugees plans to stay in Poland permanently (19%), among pre-war migrants, the percentage is 55% (NBP, 2023, p.22). In addition, 56% of 2022 refugees plan to return to Ukraine as early as 3 months after the end of the war (NBP, 2023, p. 22).

Fourth, the situation of mothers in the labor market is becoming more complicated every year. Figure 3 presents the values of the employment rate among women with the youngest child under 5 in Poland in 2015 and 2020.

**Figure 2.** Number of foreigners insured in the Social Insurance Institution in Poland in 2015-2022 (in thousands).

Source: own study based on (ZUS, 2023, p. 9).
Figure 3. Employment rate of women (aged 25-49) with youngest child under 5 (in %) by LFS.
Source: CSO data.

The value of this indicator is significantly affected by the number of children one has. As can be seen from the data in Figure 2, during the 2015-2020 period, employment rates for women with young children decreased. This decline applies to all women, regardless of the number of children they have. At the same time, it is worth mentioning that the labor force participation rates for those without children in 2021 were similar for both genders, at 90% for women and 92% for men (CSO data). Moreover, these rates change significantly with the arrival of children, with the directions of these changes being opposite for both genders. This means that men's labor force participation increases (employment rates, too) with each additional child, while for women it declines sharply.

Similar directions of change are evident among men and women with children under the age of 18. According to the Central Statistical Office, in 2022, the employment rate for women will be 83%, for women with one child, 78.6%, - with two children and 58.2% - with three. For men, regardless of the number of children, the rate fluctuated around 94%.

Thus, the above data confirm the declining labor force participation of women accompanying the increase in the number of offspring. At the same time, it is worth noting that employment rates after childbirth for women never return to the level of the childless period. In addition, it should be noted that the difficult situation of mothers in the labor market is reflected, among other things, in the decline in the fertility rate of women in Poland over the past few years (from a level of 1.45 in 2017 a value of 1.26 in 2022) (CSO data).

Taking the above into account, it is necessary to talk about new challenges for companies that operate in the current economic reality. Taking adaptation measures not only for survival in the market but also for building a sustainable competitive advantage requires commitment not only from modern managers, but also from employees and customers. Effectiveness in these activities will only be possible with a strong from within organization. The answer to the
indicated challenges may turn out to be social capital, which will be the resource responsible for mitigating negative external phenomena, including the discussed demographic changes. Support from trust, which is the main component of social capital, should therefore be considered complementary to the management of the company during the crisis. In the face of aging resources and the need to take measures for their activation, it is possible to point to the beneficial effect of social capital by conquering subjectivity and integration within the collective, which improves the quality of life (not only in the professional sense), and also provides a sense of informal support and assistance (Trafiałek, Klimczuk, 2017, pp. 105-108).

3. Social capital in the enterprise

The concept of social capital appeared in the literature more than a century ago, but it is relatively recently that its importance has begun to be recognized in the field of business management. In traditional terms, social capital is understood as "the set of actual and potential resources that are associated with the possession of an enduring network of more or less institutionalized relationships supported by mutual familiarity and recognition, or in other words with membership in a group - which provides each of its members with the support of the capital possessed by the collective (...)" (Bourdieu, 1986, p. 51). The inclusion of social capital in the corporate management space is primarily due to its basic component, which is trust. In the period of the formation of economies with a key resource of knowledge and the processes associated with its transfer between companies in the framework of mutual cooperation and its networking (conditioned by relationships of both professional and social nature), the importance of trust is growing (Grudzewski et al., 2010, p. 78). There are changes in paradigms of business management. Competing based only on material resources has become insufficient (Libertowska, 2020, p. 6). In a globally organized market, achieving and maintaining a competitive advantage can only be done with access to unique resources and transforming them in ways that cannot be imitated. It is pointed out that these resources must be knowledge, skills, experience and creativity (Kazibudzki, 2010, p. 127), and social capital, headed by trust, is the ticket to the efficient use of these resources. As M. Stelmaszyk points out, social capital accompanies each stage of external as well as internal learning processes through which knowledge is created (2012, p. 217). In addition, Poland is still implementing activities that are the result of systemic transformation and the passage of convergence stages. During these transformations of a globalizing and integrating nature, the directions of change in the economy are being set. On the grounds of these transformations, the significant role of social capital in shaping institutional factors is recognized (Przybysz, Sauś, 2004, p. 32). It is seen here as providing special support for the reconstruction and reestablishment of order in the economy by leveling the negative phenomena associated with sudden social uncertainty and shaky security.
4. **Trust as a strategic resource of the company**

Trust in an enterprise is an essential element of management aimed at gaining and maintaining competitive advantage. A requirement for this is the recognition of trust as a strategic resource for the enterprise. In this context and based on the strategic checks of M. Bratnicki, the following characteristics of trust are pointed out (Bratnicki, 2000, pp. 55-57; Grudzewski et al., 2009, pp. 63-64):

- trust makes it possible to mitigate the fluctuations that occur in the company's environment, i.e., to respond to changes occurring in the dynamically changing economic space (the valuation test),
- only a few organizations are rated with a high level of trust, the demand for trust is higher than the supply of trust (rarity test),
- interpersonal trust is attributed to all employees of an enterprise, making it inextricably linked to it (ownership test),
- trust is a resource that is very difficult to automatically copy and reproduce in another organization; the processes involved in its accumulation are lengthy and often unclear as to its essence and creation (test of susceptibility to imitation),
- trust grows over time (durability test),
- trust cannot be replaced by another value (substitutability test),
- trust can provide the foundation for building a highly competitive operating strategy (test of competitive superiority),
- trust cannot be created through formal procedures and regulations in force in the organization (codification test),
- trust is related to virtually all aspects of an enterprise's activities (organization test),
- trust interacts with the ability to shape activities in an enterprise (embodiment test),
- trust is relevant to the current as well as future efficiency of the enterprise (validity test).

According to the above, trust determines the success of the implementation of the formulated strategy of the organization. It represents a latent variable for the organizational success of the enterprise.

5. **Instruments for strengthening social capital in the enterprise**

According to M. Bratnicki, social capital is one of the main components of the intellectual capital model, along with human and organizational capital (Bratnicki, 2000, p. 101). This concept has a large capacity for meaning and can provide a basis for structuring the processes of business development and competitiveness. The distinguishing feature for this
model of intellectual capital is the emphasis on the properties of relationships that make them transform the organization into a living structure due to the potential based on the resources involved (Dziwulski, Skowron, 2020, p. 41).

Strengthening social capital should be done by investing in the potential accumulated in the company in the form of trust, company structure, and values and norms (Table 1). In addition to the mentioned components of this capital, a number of attributes are pointed out through which managers can take action.

Table 1.
Basic components and attributes of social capital in the enterprise

<table>
<thead>
<tr>
<th>Dimension of social capital</th>
<th>Component</th>
<th>Attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>relational</td>
<td>trust</td>
<td>Willingness to share knowledge; openness; exchange of information; willingness to help; reciprocity, evaluation of the atmosphere of cooperation</td>
</tr>
<tr>
<td>structural</td>
<td>company structure</td>
<td>Work organization conducive to knowledge of each other’s competencies; social ties with co-workers; social ties with stakeholders; customer databases</td>
</tr>
<tr>
<td>cognitive</td>
<td>values and norms</td>
<td>Consistency of employee and organizational norms and principles; common language; Unforced activity for the benefit of the company; common terminology; consistency of goals; sense of responsibility</td>
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The special role of social capital, representing the dimension of social behavior in an enterprise, is seen in knowledge management processes. In organizations considered intelligent, the ability to cooperate in a team, as well as the desire for continuous learning and development, have been accepted as key competencies that foster their development (Kordel et al., 2010, p. 140). Particularly in the ability to cooperate, supported by trust, one finds the clear hallmarks of social capital. In this context, it seems important to efficiently identify knowledge gaps and fill them with specialized training. Among the factors that are conducive to improving training policies can be mentioned (Kordel et al., 2010, p. 67):

- promoting the improvement of employees’ competencies and the replenishment of their knowledge as a key factor in building quality,
- adopting a routine for efficiently identifying current knowledge gaps and filling them,
- convergence of training policies with the company's development strategy,
- promoting attitudes of open knowledge exchange when organizing work within project teams, which allows knowledge to remain within the organization in the event of the departure of any of the experts,
- creation and updating of databases of external sources of knowledge,
- ongoing evaluation of the training policy and individual training courses included in it.

The indicated factors can be successfully adapted, as strengthening social capital in the enterprise. The rationale for such empowerment is the benefits achieved by enterprises through the implementation of good training practice. As the authors of the study emphasize:
"the simultaneous involvement and mutual understanding of management, engineering and lower-level employees is essential" (i.e., the basic hallmarks of social capital). These benefits were identified as (Kordel et al., 2010, p. 68):

- process improvements for the strategic development of the enterprise, primarily through the growth of intellectual capital and enhancement of employee competence,
- streamlining strategic decision-making by gaining full awareness of one's knowledge and competence potential,
- reduction of time and costs through the creation of databases on available knowledge sources,
- reducing costs associated with identifying and filling knowledge gaps by precisely tailoring the training program to project needs and the time spent by the company preparing for a given project.

It is worth noting that the benefits mentioned coincide with those attributed to the operation of social capital in the enterprise (cf. Serageldin, Grootaert, 2000; Beugelsdijk, van Schaik, 2005; Bratnicki et al., 2002, p. 29; Sztopmka, 2016, p. 288; Dyduch, 2001, p. 2; McElroy, 2002, p. 3).

Following the stated goal of this article, it should be stated that in the face of the demographic phenomena presented, managers should make training efforts aimed at acquiring and maintaining the intellectual capital represented by seniors. The rationale for these efforts should be the shrinking labor force and the decline in the mobility of people from the so-called "pre-old age". This generates the risk of disruption in maintaining the current economic growth. It therefore becomes necessary to extend the labor force participation of seniors and changes in the planning and organization of workplaces. Successive adaptation of age management assumptions may become the answer to these challenges. As M. Chmielecki and Ł. Sułkowski point out, "Through high valuation and management of a diverse workforce, it is possible to promote creativity, flexibility and accelerated response to change. Managers wishing to exploit the full potential of a heterogeneous workforce must link the issue of diversity to each function or business strategy" (2017, p. 52).

At the same time, it is worth noting that the "by-product" from the implementation of the assumptions of the cited concept will undoubtedly turn out to be the appreciation of the company's social capital due to the reinforcements made to its social structures. After all, social capital is a set of variables that shape people's awareness and activities (Radziszewski, 2019, p. 16). The concepts of age diversity management and social capital should be understood complementarily. In the context of age management and the activation of aging labor resources, attention should be paid to the beneficial effect of social capital through empowerment, integration into the broader community which positively affects the quality of life (not only professional) and provides a sense of informal support and assistance (Trafiałek, Klimczuk, 2017, pp. 105-108).
On the ground of age management and support for the development of social capital, an empirically proven necessity is recognized (Gajowiak, Libertowska, 2022, p. 35):

- strengthen the mutual exchange of knowledge between the younger and older generations,
- streamlining the process of retiring and filling the competency gap,
- systematically surveying employees' competence assessments in order to diagnose the knowledge gap and smoothly close it,
- organization of training courses for employees in the area of their perceived competence gap,
- organization of training courses to promote among managers ways to implement the concept of diversity management and its benefits (the lack of knowledge in this area confirmed in the survey).

Following the indicated instruments, it is worth noting that the building of social capital in the enterprise, along with trust and commitment, takes place through feeling and experiencing justice in the workplace. It is indicated that the performance of an employee's professional duties with commitment translates into an increase in motivation and productivity, which further contributes to the development of the entire organization (Plachciak, Rogala, 2021, p. 8). Achieving positive results in the form of an increase in trust in the enterprise requires changes at the management level, and therefore commitment on the part of the organization's managers. Trust requires strong leadership, sincere behavior, an open attitude based on a strong ethical foundation and is a key factor in the success of the organization (Rudzewicz, 2016, p. 267). In this regard, it is recommended that managers increase their awareness of the need to constantly monitor the needs of their employees. Identifying the needs of individual employees and adjusting the management style is done through conversations with them. A side effect of having conversations with employees is also to build a sense of trust. It is created by listening and taking into account the needs raised during the conversation (Huculak, 2015, p. 424). Conversation is an essential management tool (Adamiec, 2011, p. 162). During it, there is an empowerment of the employee, who is left with a sense of being an important member of the organization, as a result of which a sense of belonging to the group is created, which further generates a sense of caring for the common good, thus the appreciation of social capital.

6. Summary

In conclusion, it should be stated that the desk research shows that Poland is currently facing a demographic crisis, which will further increase in the next few decades. The rationale for this statement is based on the data presented in the article on the increasing life expectancy of Poles, the increase in the post-working age population relative to other occupational groups, the rapid
wave of war migrants, the lack of replacement of generations, the declining female fertility rate and the low activity of mothers in Poland. The effect of these transformations is the growth of the population from the so-called "pre-old age", and thus the aging of the labor force. In view of this, it is inevitable to look for opportunities to better utilize the potential of older people in companies. However, this requires a commitment primarily on the part of trust, which is the main resource of social capital. It is therefore recommended that managers adopt an attitude that promotes the need to invest in the basic designations of social capital, particularly trust, but also others such as cooperation or norms and values. This can take the form of improving training policies for the creation of new knowledge and its transfer between members of project teams, organizing workplaces that coincide with the concept of age diversity management, intergenerational cooperation, and the need to build respect for the knowledge and competence of all members of the organization.

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Strengthening the social capital...

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