

MEASURING THE SOFT FACTORS OF THE ORGANISATIONAL SUCCESS

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Abstract

One of the underlying assumptions of my research on the success of small size, flat NGOs is that the human resources and leadership of the organization are a significant soft determinant of organizational success. However, it can be difficult to measure these factors on a quantitative way, in practical research work. There is therefore a need to broaden the perspective, to put human resources and organisational leadership into a broader perspective, to help in the sample selection of the planned research and to operationalise the research questions. This paper attempts to do so.

During exploring the soft factors of organisational success, we can soon conclude that human resource management and leadership can be understood as organisational responses to the labour market and the human capital available in it, i.e. to the factors of production. And all these factors are undergoing significant change today as a result of Industry 4.0. This study starts from a microeconomic definition of the labour market and human capital, then moves on to the relationship between social capital and success through the interrelationship between organisational behaviour and organisational structure. In addition to an overview of conceptual frameworks and changes, the focus is on the interrelationships between concepts. Along these interrelationships, I will describe those points which can define the sample selection and research questions of planned further research.

Keywords: *firm behaviour: theory, human resources, human development, NGOs, aggregate human capital, personnel management*

JEL: *D21, O15, L31, E24, M12*

A SZERVEZETI SIKER SZOFT TÉNYEZŐINEK MÉRÉSE

Összefoglalás

A kisméretű, lapos civil szervezetek sikerével foglalkozó kutatásom egyik alapfeltevése, hogy a sikert szoft tényezőként jelentős mértékben meghatározza a szervezet humán erőforrása és vezetése. A gyakorlati kutatómunka során ugyanakkor nehézséget okozhat, hogy ezek a tényezők kvantitatív mérőeszközökkel nem, vagy csak nehezen mérhetőek. Szükséges ezért a látószög kiszélesítése, a humán erőforrás és a szervezeti vezetés szélesebb perspektívába helyezése, a tervezett kutatás mintaválasztását és a kutatási kérdések operacionalizálását segítő. Jelen tanulmány erre tesz kísérletet.

A szervezeti siker szoft tényezőit kutatva hamar arra a következtetésre juthatunk, hogy a humán erőforrás menedzsment és a vezetés, mint a munkaerőpiacra és az azon rendelkezésre álló humán tőkére, azaz az egyes termelési tényezőkre adott szervezeti reakció is értelmezhető. Mindezek a tényezők pedig az ipar 4.0 hatására napjainkban jelentős változáson mennek át. A tanulmány a munkaerőpiac és a humán tőke mikroökonómiai szempontú meghatározásától elindulva, a szervezeti magatartás és a szervezeti struktúra összefüggésein keresztül a

társadalmi tőke és siker összefüggéseibe jut el. *Az út során a fogalmi keretek és a változások áttekintése mellett a fogalmak közötti összefüggésekre koncentrálok. Az összefüggések mentén világítva rá azokra a támpontokra, amik a tervezett további kutatások mintaválasztását és kutatási kérdéseit meghatározhatják.*

Kulcsszavak: *szervezeti viselkedés: elmélet, humánerőforrás, humán fejlesztés, civil szervezetek, társadalmi tőke, humán erőforrás menedzsment*

JEL: *D21, O15, L31, E24, M12*

Introduction

The labour market, because of the characteristics of the ‘product’ it moves, has always operated in a specific way, unlike the market for goods or services. As the bearer of labour is the human being, the influence of subjective factors – both on the demand and the supply side – is magnified. The labour market is not perfectly competitive because of the natural characteristics of the labour bearer and the diversity of types of work and people. Yet we are currently experiencing huge and growing competition for a skilled, competent and flexible workforce in certain sectors and job roles (Fenech et al., 2019). This is one of the results of the fourth industrial revolution, which is leading to an increase in added value and a transformation of competition in both product and service markets. This is leading to significant changes in the types of work, the demands placed on workers, the workers’ expectations and ultimately the labour market. The widespread expansion of higher value-added jobs has significantly increased the role of human capital as a factor of production and hence the role of the labour market in the economy (Demeter et al., 2019; Horváth–Szabó, 2017). Human resources become capital, which is the key to a company’s success, but also a risk factor and sometimes (one of) the cause(s) of failure. In the context of human resources as capital, the role of leadership and management is changing, new concepts such as knowledge management or talent management are emerging, and the acquisition, development and retention of competent employees is becoming a key issue in the field of human resources (Poór, 2016; Matiscsákné, 2016).

Business systems are also changing due to the emergence of human capital. As a competitive factor, it becomes important to attract, develop and retain competent and flexible workers (Fenech et al., 2019). It builds a management support system of strategic importance from the former administrative, technocratic human resource functions: the science of human resource management (HRM) emerges. HRM affects all segments of the enterprise, including the hard elements of the overall organisational structure, such as the definition of objectives and tasks, the division of labour, work organisation, process control, management and control, i.e. strategy, structure and systems (Peters–Waterman, 1986). As well as the shared values that determine action, the leadership style, the motivational potential (methods and tools), and through this the professional knowledge (skills) and staff (soft elements). Human capital, and the functional unit that deals with it, thus becomes an influencer of organisational structure and culture (and its visible manifestation, organisational behaviour), thus determining the performance of the organisation (Veresné, 2010). This is essential for success: good performance in the right place at the right time. But if performance cannot be objectively measured, success is determined by the network (Barabási, 2018). Thus, social capital, i.e. the confidence, as reflected and reinforced by the network, that the company can continuously provide a good quality product or an efficient and adequate service, and thus be useful to society, appears as a new factor of production. In addition to qualitative factors such as turnover, profit, market coverage, etc., the success of an organisation

can also be measured in terms of soft factors such as trust, usefulness based on feedback, and the size and strength of the network.

It is assumed that both hard and soft indicators of organisational success are determined by factors which arise from the internal characteristics of the organisation and can be described in terms of management theory or human resource management. As well as factors which arise from the environment, such as changes in production processes or the labour market and the quantity and quality of the human resources available through it, which can be captured from a microeconomic perspective.

The purpose of this paper is to summarise those theories in the above areas which are the most relevant to the analysis of organisational success. Furthermore, the author aims to formulate research objectives and questions for a subsequent research based on data collection after laying the theoretical foundations.

Material and method

The first part of the results of this paper is therefore a narrative literature review, focusing on existing theories and models that may be useful for further research, based on general literatures and research objectives. This narrative review aims to capture the changing roles of the labour market and human resources generated by Industry 4.0. In this chapter, the analysis is guided by the following concepts:

1. Industry 4.0 and changes in production processes, changes in human resources, changes in the labour market.
2. Labour market and human capital during industry 4.0.
3. Organizational structure and organizational behaviour
4. Human capital.

The purpose of the narrative literature review is to provide a general summary of the literature, using the most common and most cited sources for the above search terms, given in Google Scholar.

First the review takes stock of theories of change in the production process, followed by the labour market, and finally the interrelationship between the two. After this it aims to review how the role change in human resources has triggered changes in the functioning of organisations, in particular in organisational structure and organisational behaviour. The linkages between organisational behaviour and structure are explored as a result of this narrative literature review. It is based on those findings of human resource management which are considered most relevant for further research.

Finally the author attempts to collect the correlations between social capital and success through organisational behaviour, structure and their impact on performance. For this at first I had to review the literature of the organizational success. In this scoping review I planned to summarise the conceptual framework in the literature, examining articles in the Scopus and WoS databases. In total, the two databases contain nearly 19,000 sources on the topic of organisational success and organisational reputation. Of these, nearly 7500 sources are in the field of economics and management sciences. After a keyword search of the final version of published articles (5004 sources), 166 articles were retained in Scopus and 125 in WoS, and after filtering out duplicates, the abstracts of 209 sources were finally reviewed. My searching keyword of this phase were:

Search term used in Scopus:

a) search phase (numbers in square brackets indicate search phases, not part of the search term):
[1] TITLE-ABS-KEY-AUTH (organizational AND success OR organizational AND reputation)
AND [2] SUBJAREA ("BUSI") AND [3] PUBSTAGE ("final") AND DOCTYPE ("ar") [4]
EXACTKEYWORD ("Reputation") OR EXACTKEYWORD ("Corporate Reputation") OR
EXACTKEYWORD ("Organizational Reputation") OR EXACTKEYWORD ("success").

b) search term: KEY (organizational AND success OR organizational AND reputation).

Search term used in the WoS database: (Search term phase indicated by square brackets)

[1] (TS=(organizational success) OR TS=(organizational reputation)) AND [2]
(SJ=("BUSINESS ECONOMICS") AND TASC=("MANAGEMENT")) AND [3]
(DT=("ARTICLE")). For the search phase [4], a separate search term was created:
AK=(organizational AND success OR organizational AND reputation) (Erdélyi and Szabó, 2023).

I summarised the results of this scoping review in the chapter below. In the Table 1 of those chapter summarises the screening steps for the literature database hits.

Results

Changes in production processes

According to a European Parliament resolution in 2016, "Industry 4.0 describes the organisation of production processes based on technology and devices autonomously communicating with each other along the value chain: a model of the 'smart' factory of the future where computer-driven systems monitor physical processes, create a virtual copy of the physical world and make decentralised decisions based on self-organisation mechanisms" (European Parliament, 2016). Industry 4.0 is based on the spread of digitalisation and cyber-technologies in manufacturing and supply chains, and on the creation and expansion of the internet economy. New concepts are emerging such as machine-to-machine (M2M) communication, artificial intelligence (AI) capable of learning, the Internet of Things (IoT), which is a network of smart devices capable of connecting to each other, and big data, which is a diverse set of data of gigantic size, often requiring (and capable of) rapid processing. Through cloud-based services, real-time data exchange, cyber-physical systems, IT and software technology systems are closely intertwined with mechanical and electronic elements. Through these systems, production involves machines that communicate with each other and are capable of making even simple decisions. Digitisation technologies create new value by breaking down physical barriers: they allow for large-scale data collection, the acquisition and sharing of knowledge over the internet, and the extension of services that previously existed only in physical space to online space - for example, the digitisation of shopping or education. Digitalisation also facilitates the development and customisation of services, increases production efficiency and thus contributes to competitiveness (Demeter, 2019; Horváth–Szabó, 2017; Bonekamp and Sure, 2015). In addition, according to several authors, digitalisation opens up unprecedented opportunities for interdisciplinary cooperation and reduces the grey and black economy, thus having both a stimulating and a whitening effect on the economy, thereby increasing competitiveness, productivity and stability (Kovács, 2017; Nagy, 2019; Adamková, 2020, Grodek-Szostak et al., 2020). Digitalisation also brings with it the need for higher skills.

But there are some reasons why we might have reservations about the results of the fourth industrial revolution. Firstly, the new platforms created by Industry 4.0 in the fields of transport, tourism, accommodation services or culture will destabilise traditional service platforms. Such as the relationship between Uber and classic taxis, or the hotel industry and rural tourism versus Airbnb. In these cases, there is a risk that allowing the digital economy to develop could lead to the disappearance of certain professions, often triggering widespread protest. At the same time, it can be dangerous for society if public intervention is used to hinder this development, as it can lead to a serious loss of confidence. A similar situation can arise in the labour market: 'According to some estimates, forty-seven per cent of jobs in the United States and fifty-four per cent in Europe can be replaced by computerisation' (Kovács, 2017, p. 978). Since automation is most likely to take place in prosperous areas that do not face labour shortages, it is expected that the labour shed from these areas will be reflected in unemployment, as it cannot be redirected to other areas due to a lack of skills. It is assumed that this will mainly affect those at the beginning and end of their careers and those with low qualifications. If the labour market is flexible, it can facilitate this process and thus, innovation. However, tighter labour market regulation not only weakens the effect described above, but also weakens innovation and hence productivity - i.e. the sustainability of public finances. With flexible labour market regulation, on the other hand, we have to count with the unemployment to rise to as much as twenty per cent and with the social, economic, and individual mental impact of this. This could be compounded by security uncertainties, such as the handling of personal data on online platforms. This is particularly true for example in the case if we try to resolve the problem of full disclosure of big data and problem of privacy issues at the same time. Not to mention the objections to AI. Finally, the fourth industrial revolution may generate paradoxical investment patterns: robotics as a tool to support human capital is a new type of capital, so encouraging investment in it may take resources away from classical investments (Kovács, 2017).

Thus, while the effects of Industry 4.0 are undoubtedly to be reckoned with, there is still some truth in the insight of Demeter and colleagues (Demeter et al. 2019), who treat digitalisation, because of its investment and human resource development requirements, not as a general phenomenon, but merely as a luxury that prosperous multinationals can afford.

Changing labour as a factor of production

21st century Europe is characterised by an ageing society and a shrinking population. Europe's population in 2022 will be 741.5 million, with a slight male surplus up to the age of forty and a slight female surplus between forty and sixty, with an increasing female surplus thereafter. Of men twenty-two per cent, of women nearly twenty per cent are aged nineteen years or less, sixty per cent of men and fifty-eight per cent of women are under sixty-five, and seventeen per cent of men and twenty-two per cent of women are over sixty-five. Overall, nearly a fifth of the population is over sixty (based on <http://nepesseg.population.city/world/eu>). Projections to 2100 predict a declining and ageing population in most European countries (Figure 1).

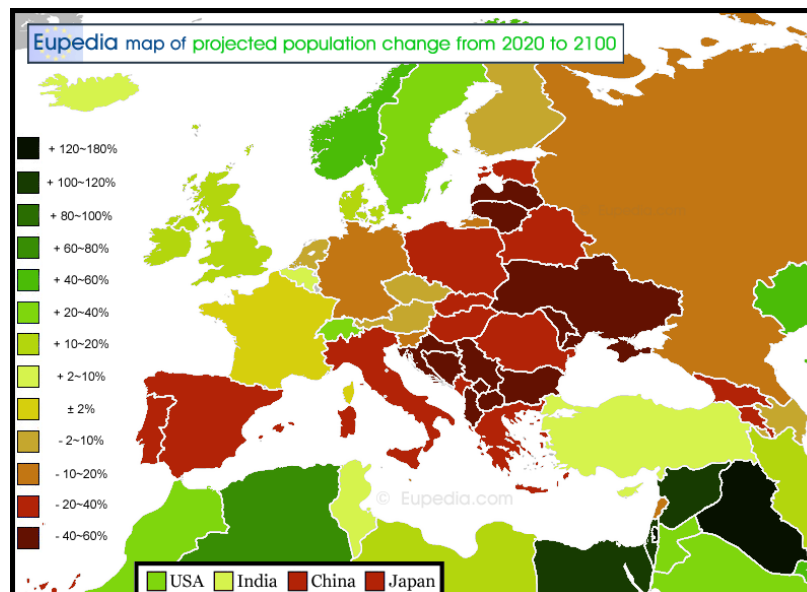


Figure1: Projected population change of Europe from 2020 to 2100

Source: https://www.eupedia.com/europe/social_maps_of_europe.shtml#population_2100

The exception to this is the Nordic countries, which are expected a slight population decline during this period - as is the US among developed countries. While France and the UK - and India too -, could count with a stagnation regarding to the population. China, which has become an economic powerhouse in recent decades, is on the European way of population: they also expected to experience a slight decline in population in the near future.

In the same time in most post-industrial countries the proportion of older people in the population and on the labour, market is grown. Estimated at propotion aged 65 and over grow to 26% from 17% between 2010-30, and almost 30% till 2060, in the EU (European Commission 2014). In the USA till 2050 the amount of the people in this age will be twice as it was in 2012 (Ortman et al. 2014). So, some of the boomers, who are above 60 or 65 are still in the labour market, and they will stay in the next ten years. While members of X generation will probably stay there till, they seventies. While more of the next two (Y and Z) generation members are on the labour market too. They had a big advantage compared to the previous generations, regarding the industry 4.0 and the smart-economy, as they are those generations who are digital natives. (Stanimir, 2015; Urwin-Parry, 2017) According to a 2016 study by PWC (PWC, 2016), the new world and other requirements for future workers will result in five million job losses by 2020, while 2.1 million new jobs will be created. While these estimates are correct, the 2020 Covid pandemic has had a fairly significant impact on the detailed figures, causing downturns in some sectors, transport and supply problems, and shortages of parts.

Overall, however, the consequences of the previous global economic crisis have largely receded since the mid-2010s, with a strong economic upturn, due in no small part to the effects of the advance of digitalisation. In Hungary, the employment rate has risen from around fifty-five percent in 2012 to seventy percent in 2019, which means nearly 4.5 million people are employed. Meanwhile, the unemployment rate has fallen from twelve percent in 2012 to around 3.6% (KSH, Stadat).

As a result of the fact that for years more people left the labour market of the developing economy than entered it, due to an ageing society, the labour market situation in both Hungary and Europe was rearranged by the end of the 2010s. The supply market became a demand market,

with structural labour shortages in some sectors and jobs. In Hungary, the state tried to compensate for this by widening the scope of the active labour force (public work programmes and other employment subsidies), by making overtime regulations more flexible from the employer's point of view, by continuously raising guaranteed wages and by employing guest workers (between 2015 and 2018, the number of guest workers in Hungary tripled (KSH, Stadat)). This is the first period in which four generations are simultaneously present in the labour market. In addition to the baby-boom generation (1946-64) and generation X (1965-79), generation Y (1980-95) is already well into working age, and the first-generation Z workers born after 1996 are also among the new entrants. The presence of the first and second waves of the digital generation in the labour market requires significantly different recruitment and retention strategies than before.

The transformation of production processes is also transforming the organisation of work, the composition of the workforce and the skills needed to perform the jobs. The organisation of work has become more flexible in space and time, and processes have become more transparent, less centralised, and less hierarchical. Some processes have become simpler, others more complex, more interdependent. So that the number of jobs requiring lower skills and knowledge has decreased and the number of jobs requiring higher skills and knowledge has increased, as automation primarily affects simpler processes. The computer has become a kind of colleague. Thanks to big data, products and services are becoming more specialised and customised, transforming our view of mass production. This requires new competences from employees, and thus affects corporate HRM, methods and tools for recruitment and selection, training and development, promotion, and motivation systems (Horváth et al., 2017).

Fenech et al. (2019, pp. 705-706) summarise the employee competences required by industry 4.0 as follows:

- Technical competences: general IT and IT security skills, data processing, analytical, statistical skills, broad and deep understanding of processes, programming and media skills, comprehensive technical skills.
- Personal competences: motivation and ability to learn, pressure management, time- and self-management.
- Methodological competences: problem and conflict management, creativity, individual decision-making, entrepreneurial thinking.
- Social competences: teamwork skills, motivating team members, effective communication and cooperation, building social relationships, understanding different cultures, communicating with foreign partners and clients.
- Action-related competences: translating ideas into action and implementing them.
- Competences related to the field: accessing and using knowledge in the field.

Based on these in the world of work, it is expected that, as in production, competition will increase, both between competing employers and in terms of wages. While competition in production will force market players to produce more and more, with quality, but at the lowest price. In human resources, there is an increasing emphasis on learning, mastering, and integrating new processes, so we expect significant developments in process assessment, measurement, process optimisation and staff training. It is likely that in the large enterprise environment and in the case of SMEs, a different digital strategy is needed to support competitiveness. The model should focus on strengths, open communication within the company, process and structure design, and help the employees adapting to this. To build sustainability, a global view is needed in all areas, and creativity, imagination, innovative thinking, and soft skills must be encouraged. Smart

recruitment techniques are gaining ground in the HR field, such as the online pre-interviews, or the automatization screening of CVs. Brand building is taking place on social media platforms, using influencers, with a focus on creativity and employer branding. It is worth focusing on the different needs of employees and providing extra services that will help to retain them. The home office continues to spread: in 2018, 70 percent of office workers globally worked remotely at least once a week, a figure that has increased further with Covid (although the opposite trend is also apparent due to the mental effects of isolation) (KSH, Stadat). The workforce is becoming more diverse, with four generations of workers coming together, and a higher number of guest-workers and workers with disabilities.

Basically, the role of the worker in generating economic benefits has become so much more important and the expectations of the worker have changed so much as a result of digitalisation that it has not only brought about a significant transformation of the labour market but has also increased the importance of human resources. What used to be human resources has become human capital.

Labourmarket and human capital

The labour market is a special market in the economy, the place where labour as a factor of production moves. The location of labour as a resource in the firm is illustrated in the following resource diagram (Figure 2), which classifies human capital, which is the resource of labour, as intellectual capital. Today, labour has not only become one of the most important factors of production, but that with the fourth industrial revolution we can also talk about human capital (Singh et al., 2022; Kucharčíková et al., 2021).

The labour market, the market for human capital or resources, has a number of specific features compared with the market for products. Since the 'product' is carried by human beings themselves, who, unlike all other resources, are not the object but the subject of social and economic processes. Thus, the development of supply (potential workers) and demand (employers) depends on a number of subjective, human factors.

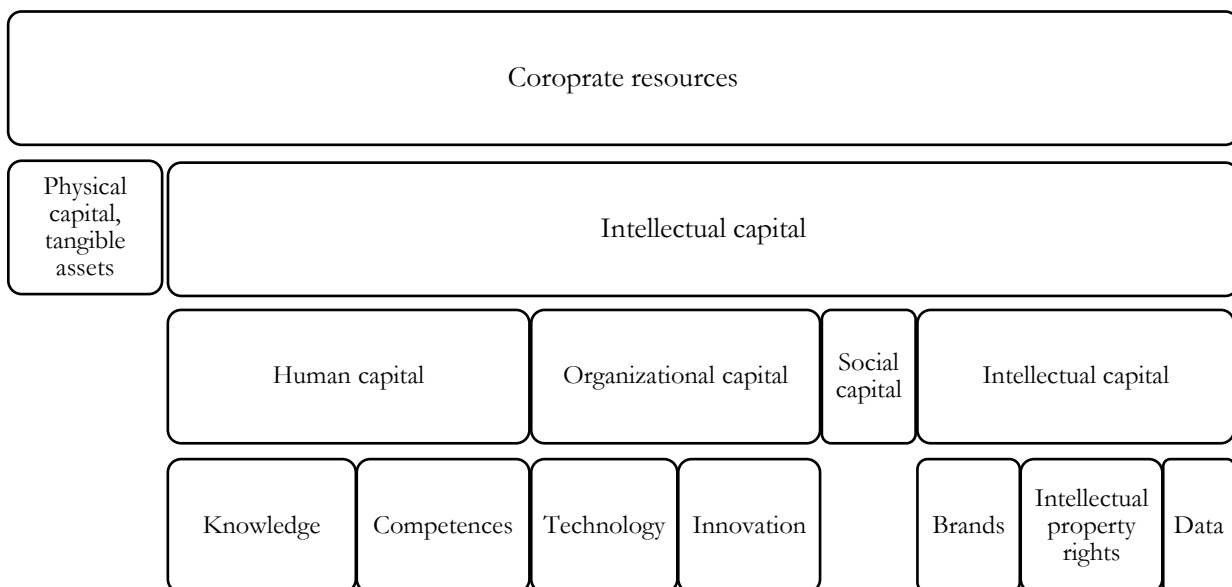


Figure2: Corporate resources

Source: Gonda, 2020, 7.p.

The supply side can vary according to the type of firms, the type of jobs they offer and the wage level, i.e., according to the evolution of certain demand factors. In addition, factors such as the relative returns to working - i.e., proportion of the additional costs of working (travel, some household work spent on paid work, loss of some subsidies, etc.) and the income that can be earned from working - also affect the relative returns to working. However, there are also subjective elements in the supply that are related to consumption and the work that this requires, the prestige of certain jobs and companies, the value of work and leisure, and individual life goals. It is these subjective aspects that are likely to be of most interest for further research, especially those related to the prestige of the organisation as an employer. However, in analysing the supply and demand of the labour market segment associated with each organisation, we must bear in mind that labour is not a single factor of production on either side, since different types of work, like different workers, are not perfectly substitutable with each other. For the above reasons, during the analysis of the labour market segment associated with the organization, we also have to take into account the effects of public interventions (minimum wage, subsidised employment, employment restrictions, etc.) – in addition to the inherently non-competitive market conditions.

In the previous chapters, we have reviewed the main theories that should be taken into account when considering the environmental factors that influence the success of an organisation from a human resource management perspective. Thus, we have addressed the changes in the production process and, in this context, in the factors of production affecting labour and its market. In the following chapters, we summarise the most important theories concerning the internal factors of the organisation. Among them, we focus primarily on those that focus on the relationships between human resource management, organisational behaviour and structure, and their links with performance and organisational success, and the impact of Industry 4.0 on these.

Context between organizational behaviour and organizational structure

With the emergence of human resource management (HRM) as a science, the role of HR departments, activities and functions and their effectiveness in the life – and success – of organisations is increasing (Matiscsákné, 2016). Instead of their former mainly administrative, labour-providing and possibly developmental functions, they are increasingly becoming professional supporters of top management, change managers, value creators and strategic partners (Poór, 2016). As a strategic and management support system, human resource management does not only directly affect human resources, but also all resources where the role of the human factor is significant (Veresné, 2010), including organisational resources, and through them also non-material resources such as innovation, success, and reputation.

The organisational structure is essentially based on a division of labour. Thus, the organisation can be structured by area, customer base, functions or groups of products and services. However, the choice of the basic organising element of the operational structure will clearly be decided by the strategy and the management that defines it. Today, the role of management and the styles of management are undergoing significant change. Among the coordination tools, the technocratic elements are being pushed into the background (although plans and budgets are of course the basis), the role of structural tools is growing, and staff-oriented solutions are emerging as a new but important tool. The reason is that the changing nature of work, higher added value, digitalisation and, in this context, the increasing and more complex skills required, are leading to a significant change in the composition of the workforce (skills, education, experience and flexibility of the average worker) (Eze et al., 2017).

This has an impact on corporate culture. In the short term, it may not affect the inner core of the Trompenaars model (Trompenaars, 1993); the basic principles of organisational culture remain unchanged. However, the approaches and expectations of decisive, i.e., competent and flexible employees are different than before, which affects the objectification of culture. By which we mean both the actual objects, from symbols to the work environment, and visible elements such as communication within the company, the way and interface of collaboration, the way of speaking (e.g. organisational jargon) and behaviour – in other words, all the essential elements of organisational behaviour. Such changes in the surface layers of culture (artefacts) have a longer-term impact on the deeper layers, just as much as vice versa. Thus, changes in the material appearance ultimately could cause changes in the set of norms and values – and finally, the assumptions. This can be seen, for example, in the treatment of social capital as a value, in the emergence of a view of social responsibility. And changes in the ways and surfaces of cooperation and communication also directly shape organisational structures and systems.

To illustrate the above close interrelationships and interactions, we have found the McKinsey's 7S framework to be suitable for further work. The model illustrates well the correlation between factors, which can be complemented by the role of contemporary HR activities (Peters–Waterman, 1986). Among the soft factors of the framework, the definition of the workforce, the range of skills, is one of the historical core tasks of HR. HR has also had a clear impact on the (shared) values domain for a longer period of time - through this it has also significantly defined the inner circles of the Trompenaars organisational culture model (assumptions, values and norms) (and, as a result of its activities, of course, also influences its third layer, the artefacts). The HRM is already able to some extent to shape management style and, as a strategic partner and a science that supports managers, is playing an increasing role in strategy formulation and implementation. According to the framework, the organisational structure is partly derived from specific objectives and action plans (strategy) and partly from management and control tools (systems). At the same time, it is influenced by the style and behaviour of management, the professional skills (required by the activity) and, through the shared values, by the workforce itself (staff). Organisational behaviour, on the other hand, is a part of corporate culture that is based mainly on norms and values that determine actions, since they are the projection of these values. But it goes through the filter of employees as subjects and as elements of the social system. Which filter is influenced by the management style and the means of management, and control and process regulation, i.e., certain structural and system elements.

To say that performance follows from organisational behaviour and organisational structure is to assume that good, quality performance is the result of their accordant. That is, as shown in the diagram: the continuous and flexible alignment of systems, structure, (management) style and staff, with shared values at the centre. While two other elements of the framework, skills and strategy, play a non-negligible but indirect role in this - as a direction and a tool. However, the question arises: could really the good performance be the main base of the social capital or of the success?

Relationship between social capital and organizational success

In the previous chapter, we summarised the impact of human capital on corporate structure and behaviour through the HRM department dealing with it, starting from the premise that organisational structure and behaviour determine performance, which in turn could be the basis of social capital and organisational success. But what is social capital and what do we mean by

organisational success - and what is the link between the two? In this chapter, we seek to answer this question.

The concept of social capital first appeared in sociology. Bourdieu (1983) distinguishes three types of capital: economic, cultural and social. According to him, the possession of capital helps the ruling class to maintain its power. Social capital is linked to belonging to a particular social group; it is the set of social relations that an individual can mobilise and the set of other kinds of capital that an individual can access through this network.

According to Coleman (1988), social capital is a set of resources that facilitate action, which takes three forms. These are obligations and expectations based on the reliability of the social environment, the capacity of the social structure to ensure the flow of information, and the presence of norms, the enforcement of which is facilitated by a system of appropriate sanctions. Coleman also distinguishes between human and social capital. According to him, human capital is the sum of the knowledge and skills of individuals, while social capital is embedded in the relationships between individuals. Trust as (one of) the foundation(s) of social capital is reinforced by norms and social structure, while this structure also facilitates the flow of information necessary for action (Fukuyama, 2007). In sum, "...some conceptions in the sociological literature have argued that capital or social capital in a sense encompasses the totality of the "social resources" of an individual or group." (Farkas, 2013, p. 2.) The broadest interpretation of social capital is that it is of the following types: (1) sphere of action/scope, (2) property, (3) relational, (4) social skills, (5) informational and (6) personal capital. The narrowest interpretation relates social capital to relationships and personal commitments, i.e., it identifies it with relational capital (Farkas, 2013).

The literature largely distinguishes between individual and community social capital. However, networks are considered as the basis of all types of social capital, and main dimensions of them are the reciprocity without expectation of immediate return and trust (Edwards et al., 1998; Weiss, 1996; Eastis, 1998; Nagy, 2010; Carmen et al., 2022). From the point of view of research, the most interesting type of the social capital is the community-, in this case the organisational social capital. From the organizational perspective, localized, retentive social capital is represented in formal and informal internal relations. The organizational theoretical dimension of this is primarily structure. The bridge-type, tying social capital in the organization is represented by the networks and relationships between organizations (Putnam et al., 2004; Wallis et al., 1998, Carmen et al., 2022). This can be analysed in terms of both organizational culture and systems in terms of organizational theory. The cognitive dimension of social embeddedness draws attention to bounded rationality, i.e., the presence of subjective, emotional elements in decisions and the social embeddedness that emerges as a result of stakeholders' decisions (Tversky–Kahneman, 1991). This bounded rationality is also evident in organisational success, its perception – perhaps because of its association with social capital.

Social capital, as a type of capital, differs somewhat from the other types of capital belonging to the usual understanding of capital in economics, since some of its types cannot be acquired through traditional economic actions, but through learning, self-improvement, or other actions more belonging to the sciences of sociology, psychology, or pedagogy. However, it is similar to other types of capital in that it can be used, accumulated and converted in the same way. With regard to the usability of capital, Farkas (2013) distinguishes between two types of social capital: manifest capital is capital that is available and usable under given circumstances, while latent capital is a set of competences and capabilities that can be manifested as circumstances change.

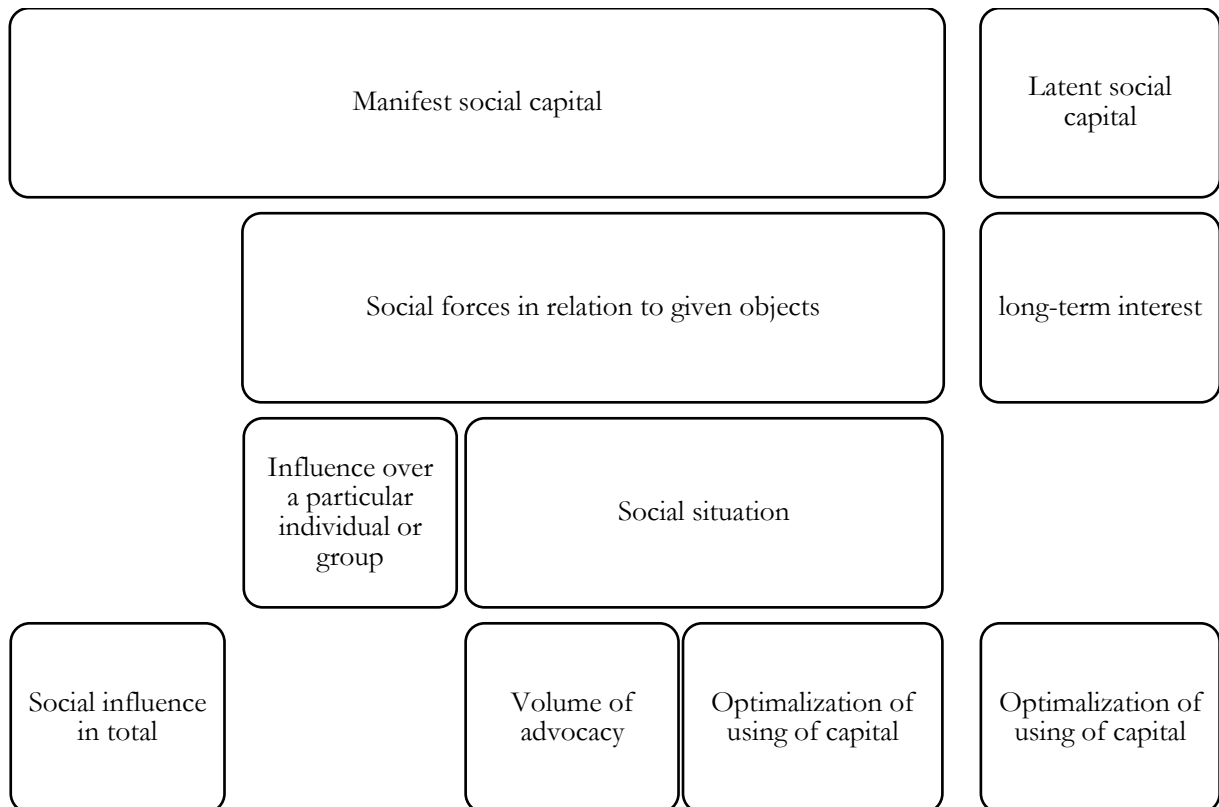


Figure3: Function of social capital

Forrás: Farkas, 2013, 14.p.

Farkas summarises the function of (manifest) social capital as shown in Figure 3. This suggests that the function of this capital is to provide an individual or group with the opportunity to socially influence other individuals or groups - i.e., to help or hinder the assertion of interests. As can be seen from the above, organisational social capital can have an impact on success, as it determines performance through the system of structure and relationships, which is a prerequisite for success and a cornerstone for measuring it. In the following, we will review what we know about success from the current literature, finally coming to how organisational social capital impacts on organisational success.

Success is the great question of the 21st century. But what is success? In the ordinary sense, it is the result of an effective action to achieve a goal or a positive public perception. To summarise the conceptual framework in the literature, I have previously conducted a scoping review of the literature on the concept of success, examining articles in the Scopus and WoS databases. In total, the two databases contain nearly 19,000 sources on the topic of organisational success and organisational reputation. Of these, nearly 7500 sources are in the field of economics and management sciences. After a keyword search of the final version of published articles (5004 sources), 166 articles were retained in Scopus and 125 in WoS, and after filtering out duplicates, the abstracts of 209 sources were finally reviewed. Table 1 summarises the screening steps for the literature database hits.

Table 1: Screening steps for the literature database hits

articles (pieces)	topic	field	published articles	keyword search	total	without duplicates	after abstract reviewed
Scopus	3 025	1 548	1 200	166	291	209	36
Wos	15 977	5 904	3 804	125			

Source: Own calculation

Based on the analysis of the abstracts, the vast majority of the studies found in the two databases interpret success in terms of economic, project or process indicators, and measure it using financial data and project indicators - i.e., they focus on the performance and effectiveness elements of success. The other part of the definitions in the literature, like the common interpretation, focuses on the positive public perception as the main success factors. In the literature, this is often framed in terms of recognition, visibility and celebrity (e.g., Barabási, 2018).

Finally, out of the twohundred-nine sources, I examined those studies which - based on the abstract - also take into account the soft, human capital aspects of success when interpreting the concept of success. In sixty-nine percent of the thirty-six studies analysed, soft factors dominate in the definition of success. These can be classified by content analysis (method based on Krippendorf, 1995 and Babbie, 2000) into the following main groups, which provide the theoretical framework for the research in terms of success: (1) conceptual frameworks focusing on *planning, organisation, strategy*, with the keywords strategy, planning, process organisation, quality management, quality improvement, control, feedback, critical activities. (2) Conceptual frameworks focusing on *leadership and management*, key words being leadership skills, competencies, type of leadership, style of leadership, legitimate leader. (3) Conceptual frameworks *focusing on human resource* processes, activities, and *organisational culture*, which work with the factors of human resource planning, organisational culture and its determinants, organisational agility and employee engagement. (4) Some of the studies focus on complex or specific success factors, either alone or in combination with one of the above factors, such as organisational legitimacy, sustainability, innovative strength, or business advantage (*mixed focus*).

Of the success factors in the above definitions, which are focusing on *leadership and management* are related to the *style* element of the 7S framework described above, while those which are focusing on *human resource* processes, activities and *organisational culture* are related to the *staff* and *shared value* elements. In other words, success is clearly linked to human capital and organisational behaviour, and through them being linked to organisational structure. The concept of success is linked to organisational social capital through its relationship with organisational structure. On the other hand, both success and organisational social capital are significantly determined by networks. In addition to this, it seems that it is the social capital of the organisation - essentially through these relationships and the subjective emotional relations captured in the cognitive dimension - that, given the right performance, can produce or amplify success.

Conclusions and recommendations

Social capital is essentially understood in the literature as the sum of the social leverage of an individual or group and the social leverage available and mobilizable through networks. While success is the resonance generated by performance in the network, but not necessarily proportional to performance, this is usually associated with the influence-potential through visibility. Considering impact and influence as synonymous in social terms, Table 2 expresses the relationship between social capital and success: in terms of the range of interpretation of the two concepts, and in terms of the components that have been identified as key factors in the conceptual framework. Such key factors are: role of performance, of trust and of the network, and the appearance of influence. In addition, the table also highlights the linkages of the concepts with organisational structure and organisational behaviour (human resources, management, shared values). From the above, it appears that success and social capital are closely related concepts, probably mutually reinforcing but by no means synonymous.

Table 2: Relationship between the conceptual framework of social capital and organizational success

	social capital	success
range of interpretation	individual or group	individual or group
the role of performance	continuous, good quality foundations	good performance is a necessary but not a sufficient condition
the role of trust	for keeping it up: needs the performance as the basis of trust	elicits and maintain trust
the role of network	foundation	strengthens and sustains
the appearance of influence	purpose	results
the role of structure	part of and driver of	certain type of reinforces
the role of human resource and management	part and a type of it	certain type of reinforces
the role of (shared) values	part and a basis	certain type of reinforces

Source: Own editing

If we want to measure success in NGOs – what I mentioned at the beginning as an aim of the whole research –, it is not always well captured by the set of quantitative factors linked to performance, productivity and effectiveness that are common in the corporate sector. It is recommended that soft factors are considered instead of (or in addition to) these when defining a successful organisation. Based on the link with social capital, this could include awareness, network and impact. Some of these environmental factors can be measured well with quantitative data, e.g., visibility through press coverage or website hits, network through the number of collaborating partners or volunteers, or impact through the number of Facebook followers, event attendance or donors. Further research which aimed to explore the soft factors of organisational success may use these factors for identifying which organisation is successful in practice – i.e., when developing a sample of successful NGOs.

For organisations that appear to be successful based on quantitative factors, we can identify the soft factors that can be measured qualitatively in most cases. Since success is closely linked to

performance, which in addition to structure and systems is closely linked to the quality of leadership, organisational culture and human resources, further research should look at these internal organisational factors as a factor influencing organisational fit and thus the sustainability of success. Following this logical path, we return to the definitions of success in the literature, i.e., we explore success along the lines of (1) performance, (2) visibility, (3) impact, (4) network, (5) fit, and (6) productivity (Barabási, 2018).

An interesting question in this research area might be: are there, and if so, what are the characteristics of human resource management and leadership that define a successful organisation? Is the employer brand of a successful organisation better, are its employees more satisfied? Are there essential leadership competencies, typical leaders, best leadership styles, practices, and tools in a successful organisation? Is there an organisational culture characteristic of a successful organisation, and if so, what is it?

Limitations: although the correlations explained in the study are logically valid, the analysis of NGOs cannot ignore the factor that influences the reputation of the organisation and thus its success: the emotional impact that the organisation has on society. Especially because, in the case of an NGO, this impact is often not the result of the actual functioning or activities of the organisation, but of the social problem it aimed to solve or the group it represents. NGOs dealing with unpopular issues or groups tend to be more unpopular, which in turn affects the trust in them, and hence the size and strength of their networks, as well as the social capital of the organisation - i.e., several factors of organisational success. This fact can correlate the practical measure of success and the real impact of the internal, organisational factors that influence it.

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