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SOCIAL TRUST IN CORPORATE CULTURE CREATION

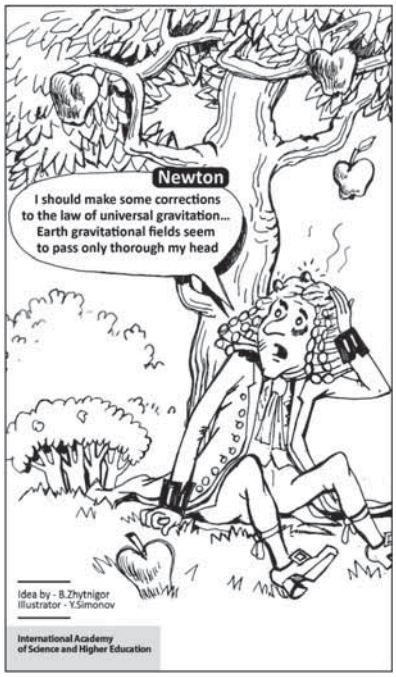
The purpose of this paper to provide the analysis of the role of social trust in corporate culture creation. In particular, it focuses on the concept of creating a learning organization and factors contributing to its creation. It highlights the importance of mutual trust among employees of different ranks as an important factor in building a learning organization.

Keywords: social trust, corporate culture, reputation, knowledge creation, learning organization, leadership

Corporate culture fulfills several interconnected functions which are connected with raising trust in relationships with stakeholders, spreading accessible and confidential information; building the company's reputation; establishing trust-based relationships and reducing uncertainty; providing help on formal and informal basis; reducing transactional costs related to the interaction with unfamiliar partners [1, p.248].

Reputation is the most crucial indicator of social capital. In its generic meaning, reputation is perceived as an overall estimation of the quality of economic actor which is held by the public. In its function as a market signal, reputation allows to reduce information asymmetry; as an intangible asset, reputation is expressed in cost estimation. Reputation allows to gain economic benefits, such as access to loans, influence and power in administrative bodies, influence upon the general public.

Corporate elements of reputation include the leader's reputation, prestige of a company's workplace, employees' qualifications. Market reputation of the company involves the company's clients and partners, the quality of the goods and services provided, the company's positioning on the market, the company's success on the local and international markets, financial success, effective measures in attracting investments, well-recognized company image, trademark, the ability to establish contact with the general public.



It is vitally important for reputation to adhere to a specific quality assurance system. In particular, quality assurance system should focus on ensuring acceptable standard of product quality, standard of behavior, standard of consumer relationships and relationships with other agents.

Branding is one of the most significant methods of building reputation. Branding is commonly defined as the activities of a company aimed at building reputation and long-term loyalty towards the company and its goods and services on the part of the stakeholders, investors, state and consumers.

Nowadays traditional organization is unable to manage the increased volume of information and more complex knowledge efficiently. For this reason, a new type of organization has come to the fore, which is called *learning organization.* Learning organization is characterized by the following features, i.e. the ability to create, master and pass on the newly acquired knowledge; the ability to modify its behavior in accordance with the acquired knowledge in order to stimulate new knowledge and ideas [2, p.25]. This type of organization is based on the following main precepts, i.e. vision, which is consistent at all the existing levels of the organization and which is shared by every employee; the employees' awareness of their own importance and commitment to the other departments of the company.

The most important precept of the learning organization is the willingness and ability of each individual to pursue learning and ability to enhance the experience and knowledge of the company as a whole. In this respect, a well-organized process of learning at a company contributes to higher work productivity rates and enhances intellectual capital and overall organizational competence. According to research, corporate culture which facilitates effective knowledge creation and exchange is presumably based on mutual trust, empathy, openness and readiness to help, non-judgmental attitude and freedom in expressing new ideas [3, p.41].

Therefore, it is worthwhile to change the company's structure in order to facilitate better information exchange among the employees of different hierarchical levels, which would, it its turn, lead to creating innovations.

Accordingly, in order to support corporate culture of a learning organization, it is essential for leaders to provide constant support and motivate employees. As organizational role models, leaders are expected to motivate personnel to learn, exchange their knowledge and be creative. Thus, organizational culture of *learning* should be primarily espoused by the leaders [4, p.183].

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