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CONTENTS

THE ROLE OF INTERPERSONAL RELATIONS IN THE MANAGEMENT OF INTERNATIONAL BUSINESS ORGANIZATIONS

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Abstract: In the conditions of the contemporary global economy, the market resilience of international business organizations no longer depends solely on technological advancement or fiscal optimization. The principal strategic asset is increasingly embodied in social capital and the ability to build sustainable interpersonal relations.The effective management of such organizations requires precise navigation within a complex network of interactions that extend beyond formal hierarchies and are shaped by the level of cultural intelligence, mutual trust, and flexible communication approaches. The present study aims to analyze the significance of interpersonal relations within the managerial architecture of the international business organization, arguing that they constitute a critical factor in achieving high organizational effectiveness. The object of the study is interpersonal relations, examined as a leading category in management science and their direct impact on the success of global business processes. The subject of the study focuses on the specific manifestations and psychological patterns of interpersonal relations, the mechanisms through which they influence managerial decision-making, and their role in fostering trust and cooperation within a multicultural business environment.

Key words: interpersonal relations, social capital, personnel, organizational effectiveness, international business organization.
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Introduction

Interpersonal relations constitute an important characteristic of every social system, serving simultaneously as both its visible structural element and its invisible psychological foundation. In a managerial context, these relations may represent a critical factor for organizational resilience or, in the case of destructive processes, a major source of systemic risk. Individuals operate through continuous engagement in diverse social relationships that determine the success of managerial processes in a multicultural environment. For this reason, the systematic analysis of interpersonal dynamics is an imperative for contemporary management science.

The aim of this article is to substantiate, on the basis of an analysis of the relevant literature, the significance of interpersonal relations within the managerial architecture of the international business organization. Through a precise synthesis of classical theories and contemporary management practices, supported by empirical evidence, the article seeks to demonstrate that interpersonal relations constitute a critical factor in achieving high organizational effectiveness.

The present study has been developed through the application of the systems and contingency approaches, which make it possible to examine interpersonal relations as a dynamic regulator of managerial processes. The method of comparative analysis has been employed to examine global corporate cases through the prism of the behavioral school of management.

1. Interpersonal relations as a linking structure in the management system

The human being, viewed through the prism of physical, psychological, and social determinants, is the subject of in-depth interdisciplinary analysis. In the era of high-tech transformations, the fact is often overlooked that the human factor is not isolated but exists in a constant dynamic of diverse social interactions. A historical turning point in this understanding occurred in the 1950s with the emergence of the Human Relations Movement. This period marked the transition from purely mechanistic approaches to management toward a greater focus on the psychological aspects of work.

An increasing number of researchers and theorists are directing their efforts toward the study of group dynamics and motivation, leading to the conclusion that interpersonal relations play a critical role. They are no longer regarded as a by-product of the work process, but rather as an essential element that directly determines the effectiveness and stability of the organizational structure.

Within the management system, their manifestation is found in the process of functioning of the formal structure (Kamenov, 1998). Their significance as a linking structure lies in the creation of an appropriate social climate, thereby providing an opportunity for the full manifestation of employees' professional qualities. Various combinations of interpersonal relations are possible: manager–manager, manager–subordinate, and subordinate–subordinate (Kamenov, 2003).

Interpersonal relations are studied by philosophy, sociology, ethics, psychology, social psychology, and management theory. In contemporary society, their role is growing significantly. In times of crisis, the attention of many researchers and practitioners is focused on the individual and on the interactions in which he or she engages and creates. In the analysis of management processes, a central place is occupied by the most common form of interpersonal relations - the interaction within the manager–subordinate dyad. It is precisely this specific type of communication that constitutes the main focus of the present study (Emilova, 2014).

The relationship between the manager and his or her employees may be defined as symbiotic in nature. Although in certain contexts the term "symbiosis" may evoke associations with overdependence, in the present study it is used to denote the organic interdependence and shared interests of both parties. This assertion is based on the understanding that key personal and professional needs are most fully realized under conditions of constructive and positive relationships. In this sense, an effective management process is a direct consequence of the quality of social exchange, whereby individual goals are synchronized with organizational priorities.

Contemporary research in the field of organizational behavior clearly confirms that leaders in global business increasingly mobilize their personal networks to implement corporate strategies. A distinct trend can be observed whereby managerial objectives are achieved not only through formal hierarchical structures but also through the strategic use of informal connections within the organization. These social configurations are the subject of interdisciplinary interest, encompassing fields such as sociology, psychology, and anthropology. The principal methodological tool for their study is Social Network Analysis (SNA). Its application in international business organizations enables the diagnosis of invisible organizational processes and the identification of latent problems at an early stage. By visualizing these "hidden" networks, management can anticipate potential crises and optimize internal communication before destructive influences affect formal business processes. At the same time, within the context of contemporary leadership strategies, managers view interpersonal competence not merely as a soft skill, but as the ability to build adaptive teams through empathetic conflict resolution and a shared vision (Jordan, 2024).

Management theory assumes that individuals participate in the formal structures of international business organizations for rational reasons. Both managers and employees enter formal organizations with clearly defined expectations related to financial rewards, career advancement, and social prestige. At the same time, however, individuals inevitably become integrated into informal networks the motivational basis of which is more complex. It includes the need for group belonging, the pursuit of mutual protection, and the need for direct emotional and professional support. Analysis of behavior indicates that managers display a higher degree of intentionality in establishing and utilizing such contacts. Their role as actors who define strategic objectives and control their implementation requires them to possess the ability to rapidly identify informal relationships within the organization and transform them into a resource for optimizing corporate performance.

It is important to note that, according to the latest research, each standard deviation improvement in interpersonal relations within a team leads to a significant increase in organizational engagement, which positins social ties as a linking structure within the management system (Jerrim & Sims, 2025).

On the other hand, within organizational dynamics, a particular form of sympathy toward management is often observed among subordinates. In a scientific context, such attitudes are rarely interpreted as entirely altruistic. In most cases, they are strategically oriented toward the achievement of specific personal goals or preferences. When such loyalty is simulated and based solely on the expectation of reciprocal benefits, it is inevitably recognized by the social environment. This generates conditions for organizational instability and the manifestation of specific behavioral symptoms that may disrupt the organizational climate and erode trust within the team. These may include (Kamenov, 2002):

- servility toward those in positions of authority;
- frequent changes of opinion on important issues;
- an inability to uphold one's own position when addressing important problems;
- valuing in a person not their personal qualities, but rather the benefits associated with the social position they occupy;
- establishing pseudo-friendly relationships solely for personal gain;

- unscrupulous actions in the pursuit of power and wealth.

The analyzed behavioral characteristics outline a specific architecture of manager–subordinate relations. From a scientific perspective, however, it is critically important that these interactions not be regarded as static phenomena. For a precise understanding of organizational dynamics, the following key aspects should be taken into consideration:

- Transitory nature of relationships: such symbiotic interactions often have a temporary character. They are influenced by changes in the organizational environment, strategic objectives, or the personal development of the participants, which may lead to their disintegration or transformation into another type of social structure;
- Latent potential for manifestation: the absence of specific behavioral traits in a given employee at a particular moment should not be interpreted as evidence of their permanent absence. An individual's behavioral repertoire is adaptive, and certain characteristics may emerge suddenly under the influence of specific external stimuli or changes in management practices;
- Risk of the systematization of isolated manifestations: there is an objective possibility of escalation whereby an isolated or situational manifestation of a particular type of behavior may be transformed into a stable pattern. If a given reaction brings the expected benefits to the individual, it becomes reinforced and develops into a systematic characteristic of his or her professional interactions.

It is important to note that managers and subordinates often appear to act against their own interests in relation to one another. This provides grounds for both parties to regain a sense of reciprocity. As K. Kamenov points out, they stand on opposite sides of the barrier of power and do not look in the same direction (Kamenov, 2003).

This is why interpersonal relations within an organization are often described as an "invisible network" that transforms formal hierarchy into a functioning social mechanism by providing channels of trust and informal communication that are critical to decision-making (Neck, Houghton, & Murray, 2023).

Contemporary research on adaptive leadership confirms that a manager's emotional stability is a critical factor in maintaining organizational integrity in high-risk situations. It is argued that a manager's ability to regulate his or her own behavior and irritation serves as a "psychological anchor" for the team, preventing destructive reactions and enabling sound decision-making under pressure (Heifetz, Linsky, & Grashow, 2023).

On the one hand, there may be changes in subordinates; on the other, changes in managers, changes in the external environment, or various combinations thereof. In this regard, it has been argued that if individuals succeed in changing themselves, the course of world development will also change. This is indeed a goal worthy of support (Harris, 1991).

The information presented clarifies that at the core of the management process lies a specific interdependence: managers and subordinates have an objective need for one another and mobilize considerable intellectual and emotional resources to sustain this interaction. This shared orientation serves as a driving force for the achievement of both individual and organizational goals. Despite its significance, the realization of this mutual need may be systematically hindered. The principal destructive factors underlying such "blockage" stem from increasing situational complexity and difficulties in interpersonal communication. Every organizational system requires its members to invest substantial mental and physical effort in fulfilling its mission. While formal authority and responsibilities are strictly defined within the organizational structure (through staffing arrangements and hierarchical schemes), the informal aspects of communication often remain beyond formal regulation. Consequently, a "complex situation" within the manager–subordinate dyad may arise at any stage of their interaction. This phenomenon is highly dependent on the subjective perceptions and individual experiences of the participants. It is precisely the subjective nature of these difficulties that makes them resistant to management through standard administrative mechanisms, highlighting the need for approaches based on emotional and cultural intelligence. This provides grounds for the assertion that communication between managers and subordinates constitutes "the most visible component of communication within an organization" (Angelov, 1998).

In this sense, the social climate within the dyad serves as an important mediator that either channels energy toward constructive cooperation or blocks it through the creation of communication barriers based on subjective feelings of insecurity.

According to some authors, "the genesis of interpersonal relations is initiated as early as the team formation stage, when individuals without prior social contact begin to interact. Initially, relationships are formed on the pragmatic basis of joint activity, professional tasks, and the formal requirements defined by management. In the process of cohesion (team bonding), these relationships develop into deeper structures based on shared needs, value orientations, and emotional attachment. Within this dynamic system, each team member influences the socio-psychological climate and modifies the behavioral manifestations of the other participants. Through continuous interaction, roles are allocated, formal and informal leaders are identified, and a specific normative system of rules and ethics, shared by the majority, is established" (Krysko, 2014).

The uniqueness of interpersonal relations within each international business organization is determined by the complex interplay between individual psychological profiles and group dynamics. The distribution of roles, the specific moral climate, and the stability of the psychological environment are direct outcomes of the socio-psychological characteristics of the participants. From an applied perspective, favorable interpersonal relations act as a catalyst for business interactions by optimizing communication channels and enhancing overall professional effectiveness. Conversely, dysfunctional relationships act as an impediment to work processes, generating tension and undermining organizational performance.

2. Manifestations of interpersonal relations in international business organizations

The management of any international business organization requires the integration of complex organizational structures with the dynamics of interpersonal relations that transcend national and cultural boundaries. In this context, interpersonal relations are not merely a social aspect but a strategic resource for achieving organizational effectiveness. They serve as a mechanism for overcoming linguistic and behavioral barriers. Successful management depends on the ability to build trust-based relationships between headquarters and subsidiaries (trust-based management), thereby minimizing the risk of intercultural conflicts.

In support of the argument regarding the importance of the social climate within the manager–subordinate dyad, the findings of Google's "Project Aristotle" may be cited. This project was a large-scale internal research initiative conducted by Google over several years, analyzing the dynamics of hundreds of teams to establish that the key to high performance lies not in the individual skills of employees but in the presence of psychological safety and the quality of interpersonal relations within the group. The presence of psychological safety enables each team member to express ideas freely without fear of judgment, thereby making the social climate a primary driver of innovation and collective effectiveness (Duhigg, 2016).

According to some authors, psychological safety is not a matter of "being polite" but of creating a climate in which employees feel secure enough to take interpersonal risks. This is a critical factor that enables international teams to learn from their mistakes and innovate more rapidly than their competitors (Edmondson, 2018).

From a managerial perspective, this means that the quality of interpersonal relations is a determining factor in employees' willingness to take initiative and share innovative ideas without fear of negative consequences.

The conclusions drawn from this case clearly demonstrate that, within the context of international business organizations, the social climate is not merely a supplementary factor but a critical linking structure that ensures the organization's strategic cohesion. Under conditions of high cultural distance and geographical decentralization, a positive social climate minimizes communication entropy and enables shared organizational values to transcend national differences. Consequently, for any international business organization, the social climate is a prerequisite for transforming cognitive diversity into a competitive advantage. Without the development of psychological safety and trust, institutional barriers hinder knowledge transfer, turning global presence from an asset into a logistical and managerial burden.

In management practice, systemic disruptions in the communication cycle constitute a major barrier to the realization of the mutual needs of the subject and object of management. In an international business environment, this process ceases to be merely a technical exchange of information and is transformed into an instrument for the effective management of multicultural filters. The main conclusion here is that effective communication functions as a strategic mediator that transforms individual energy into a coherent organizational outcome. Through the encoding and decoding of messages within the context of specific cultural norms, management activates the motivational structures of employees, turning information into a lever for aligning strategic objectives with individual expectations.

The issue of cultural distance in international business organizations is most clearly illustrated by the case of the DaimlerChrysler merger, where the underestimation of informal networks led to strategic failure. This example demonstrates that even in the presence of financial synergy, the absence of interpersonal integration and the clash between different organizational cultures can reduce the market value of the newly created entity. The failure of strategic integration between the German hierarchical model and the American liberal management style underscores the conclusion that social capital and trust are critical variables determining the success or collapse of international business interactions. Further support for this argument is provided by contemporary analyses that revisit the failure of DaimlerChrysler, emphasizing that the critical lack of trust between German and American managers was exacerbated by what has been termed "institutional distance." In this case, the failure to synchronize informal management styles resulted in the large-scale departure of key employees, eroding the organization's innovative capacity during the first years following the merger (Riach & Schneider, 2022).

This example makes it clear that international business organizations depend on the effective exchange of know-how. This process is directly dependent on the quality of the organization's informal networks. It follows that, while some classical models of communication view the process primarily as the technical transmission of information, contemporary management theory argues that communication within an international business organization is a process through which shared meaning is created. Critical analysis shows that the mistakes made at DaimlerChrysler did not stem from the technical "transmission" of orders, but from discrepancies in the social context within which those orders were interpreted.

In our view, in order to avoid strategic collapse in transnational mergers (similar to the DaimlerChrysler case), contemporary global management should integrate *Social Network Analysis* (SNA) as a tool for monitoring informal integration. In the context of an international business organization, SNA enables the mapping of cross-border information flows and the identification of so-called *"cultural brokers"* - employees who possess high levels of social capital and the capacity to connect isolated "communication islands" across different national offices. Through this analytical approach, hidden barriers to knowledge transfer that cannot be captured by the standard organizational structure are revealed, providing a genuine technological and social linkage among the heterogeneous structures of the global organization.

The specialized literature contains an academic debate between proponents of the liberal model of psychological safety (Edmondson, 2018) and advocates of the traditional German model based on clear hierarchy and procedural control (Lewis, 2018). A critical comparison reveals the following paradox: while Google demonstrates that freedom of expression stimulates innovation, cases such as DaimlerChrysler show that the absence of previously agreed communication discipline may lead to organizational chaos. The analysis suggests that, for an international business organization, the optimal solution is not the selection of one model over the other, but rather their hybrid synthesis.

The selection of these two cases, guided by the method of comparative analysis, aims to demonstrate how one describes success under conditions of high psychological safety, while the other illustrates strategic failure resulting from cultural incompatibility. For this reason, in order to remain competitive, an international business organization must not only invest in IT systems for knowledge management but also actively encourage the emergence of informal groups of professionals united by common interests and sharing experience beyond the boundaries of their departments. In this context, the process of forming interpersonal relations is realized through systematic interpersonal interactions. Their development is initiated as an adaptive response to the socio-psychological requirements of the environment. As a result, these interactions acquire a distinctly reciprocal character, evolving into stable systems of mutual relationships that define the stability of the organizational structure (Zhuravleva, 2002).

Interpersonal relations influence the individual throughout all stages of socialization and professional development within any international business organization. The level of emotional satisfaction and the capacity for personal growth are directly determined by the nature of the social interactions in which the individual is continuously engaged. In this regard, satisfaction with one's social status and the quality of relationships within the group serve as key indicators of an individual's degree of social adaptation. Career development in international business organizations requires, above all, a high level of professionalism, as well as perseverance, personal ambition, and professional aspirations. Interpersonal relations in this type of organization act as both a catalyst and a prerequisite, exerting a positive influence on the career development of each employee. All personal characteristics are of significant importance for career advancement. It should also be acknowledged that, in most international business organizations, there are employees who do not view career advancement as a personal goal because they believe they lack the opportunity, potential, or desire for it. For this category of employees, however, favorable interpersonal relations constitute a particularly important reason for working in a given international business organization and contribute significantly to their job satisfaction. Such employees may prefer to remain with their current team, foregoing promotion opportunities or transfers to other departments.

The cases examined in this article confirm that interpersonal dynamics are not an isolated psychological phenomenon but a factor capable of either accelerating or hindering the strategic development of an international business organization.

All of the above allows the following major conclusions to be drawn:

First, in the context of globalization, social capital, formed through sustainable interpersonal relations, has become a critical factor for market resilience. It provides a unique competitive advantage that is difficult to imitate and ensures organizational flexibility in the face of market shocks.

Second, the actual organizational dynamics within an international business organization are determined by informal networks rather than solely by the hierarchical framework. Effective management requires the integration of these “invisible” structures into decision-making processes and strategic planning.

Third, interaction within the manager–subordinate dyad constitutes a major source of systemic risk in a multicultural environment. Ineffective management of the cognitive and cultural filters operating within this relationship leads to organizational erosion and compromises the achievement of managerial objectives.

Fourth, the effectiveness of international teams is directly proportional to the level of psychological safety. An organizational climate in which employees do not fear sanctions for making mistakes is a necessary prerequisite for the development of the corporation's innovative potential.

Fifth, the communication cycle in management should function as an instrument of psychological synchronization rather than merely as a mechanism for the technical transfer of information. This enables supranational organizational objectives to be effectively internalized by employees at the local level.

Sixth, the contemporary management of international structures requires the use of social diagnostic tools such as *Social Network Analysis* (SNA). This provides an objective basis for optimizing team interaction and preventing communication barriers in decentralized organizations.

In summary, it may be concluded that the successful management of an international business organization is directly dependent on the personal characteristics of the manager, among which moderate sociability and psychological stability occupy a central position. Extreme manifestations of either characteristic often generate psychological barriers that hinder the full expression of individual potential and disrupt the organizational climate. Although this tendency should not be regarded as an absolute imperative, it represents a consistent pattern in professional development that contributes to stability in the dynamic relationship between managers and subordinates.

Conclusion

The analysis conducted demonstrates that the role of interpersonal relations in the management of an international business organization is a determining factor in its market resilience. They serve as a mechanism for overcoming cultural distance, a channel for the transfer of critical knowledge, and a foundation for building trust under conditions of geographical decentralization. Without the integration of these social and psychological dimensions, any management strategy remains formal in nature and lacks viability in the dynamic global business environment. At the same time, the effectiveness of interpersonal relations in the management of an international business organization is directly dependent on the quality of the communication cycle. In an international environment, the encoding and decoding of messages are complicated by linguistic and cultural filters. When communication between managers and subordinates is disrupted, their mutual needs remain unfulfilled, resulting in organizational erosion. It is precisely here that the manager's role is to transform the communication process from a simple exchange of information into an instrument of psychological influence. It follows that properly developed interpersonal relations activate the internal motivational structures of employees, transforming individual effort into collective success. At its best, interpersonal dynamics function as a catalyst that synchronizes the subjective perceptions of employees with the objective goals of the international business organization.

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