

# Social capital and the bottom line: developing collaboration and community at work (a.k.a. Morale)

*A workshop delivered by Anthony Stanton*

*“Quite simply, none of us is as smart as all of us” – Hank Paulson, ex Goldman Sachs CEO*

# Anthony Stanton: speaker profile

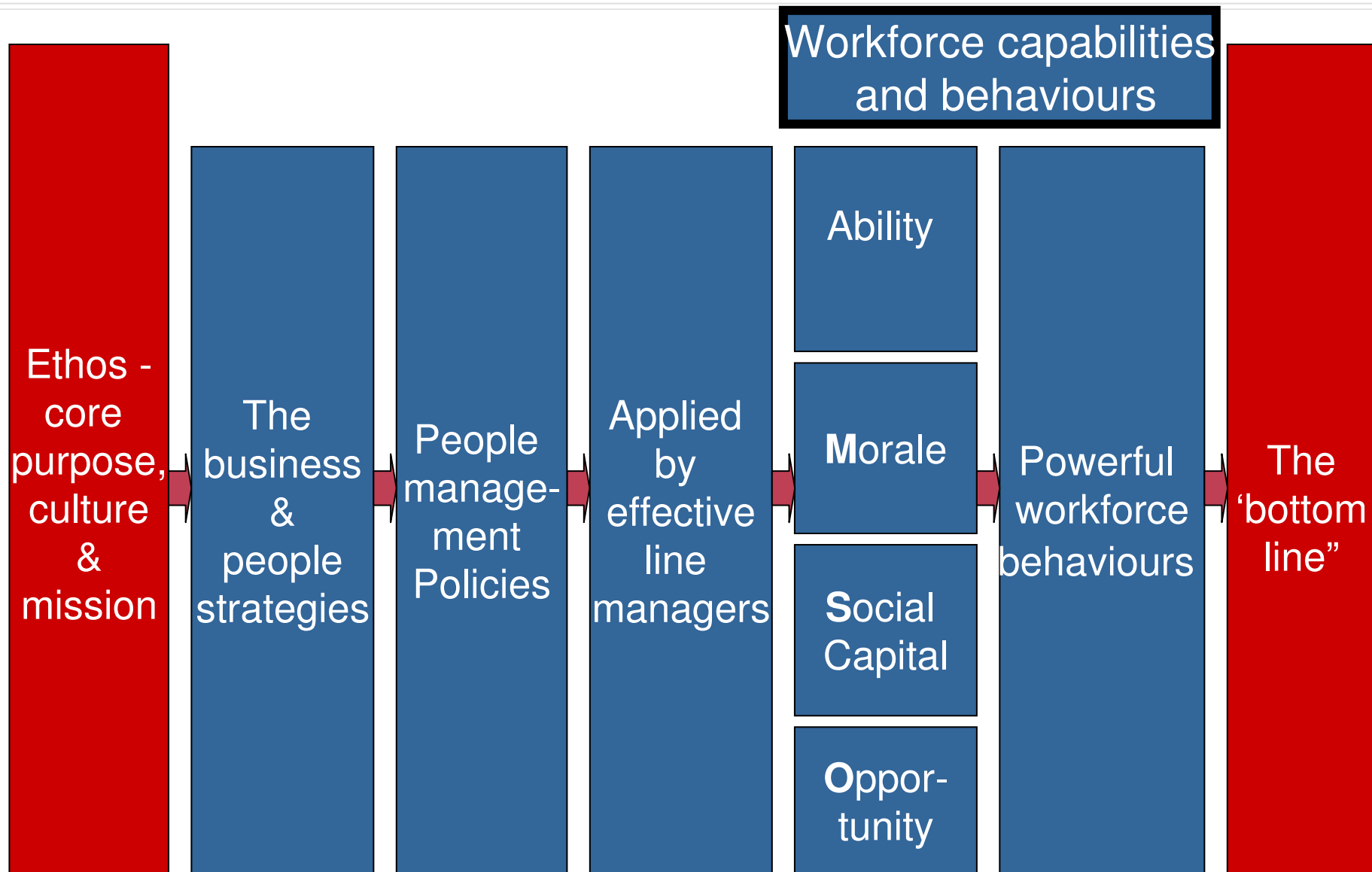
- ❑ A background in HR and general management.
- ❑ Led HR in organisations employing from 600 to 11,000 staff.
- ❑ Now a people management strategist and change agent.
- ❑ Writing a book describing how successful organisations drive the bottom line through great people management;

# The impact of people management on organisational success

- ❑ UK manufacturing companies. Well managed workforces were 29% more productive, with 17% better profitability. (Patterson et al 1997)
- ❑ U.S companies. Good people management generates a 24% increase in market value. (Becker and Huselid 2006)
- ❑ UK hospitals. Good people management correlated with 7.6% reduction in in-patient mortality. (West et al 2006)

# How people management drives the bottom line (a very quick tour)

# The people management value chain



# The Policy Arrow

**Core purpose and values, culture and strategy.**

Leadership style.

Design of work and jobs.

Recruitment, selection, induction and probation.

Performance management.

Learning and development.

Recognition and reward.

Career and succession planning.

Employee communication.

Employee involvement in decision making.

Employee well being.

# The vital role of line managers

- *“90% of people management is delivered by line managers.”* Greg Aitken, Royal Bank of Scotland.
- *“80% of staff turnover can be traced to unsatisfactory relationships with the boss.”*  
Gallup.
- *“My line manager is the prism through which I see my organisation”* Vicky Wright, immediate past CIPD President.

# Powerful Workforce Behaviours

- Low absence
- Low unwanted turnover
- High effort and enthusiasm
- Good quality work
- An appropriate level of innovation

= Good Labour Productivity.



## The private sector: the 'for profit' bottom line

**The right products or services**



**Satisfied and loyal consumers.**



**Strong consumer demand.**

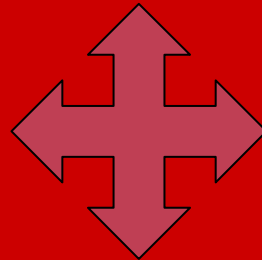


**Profit target met.**

# 'Not for Profit' Bottom Line

**The right products or services**  
(in terms of innovation, quality, cost.)

**Satisfied and loyal  
consumers.**

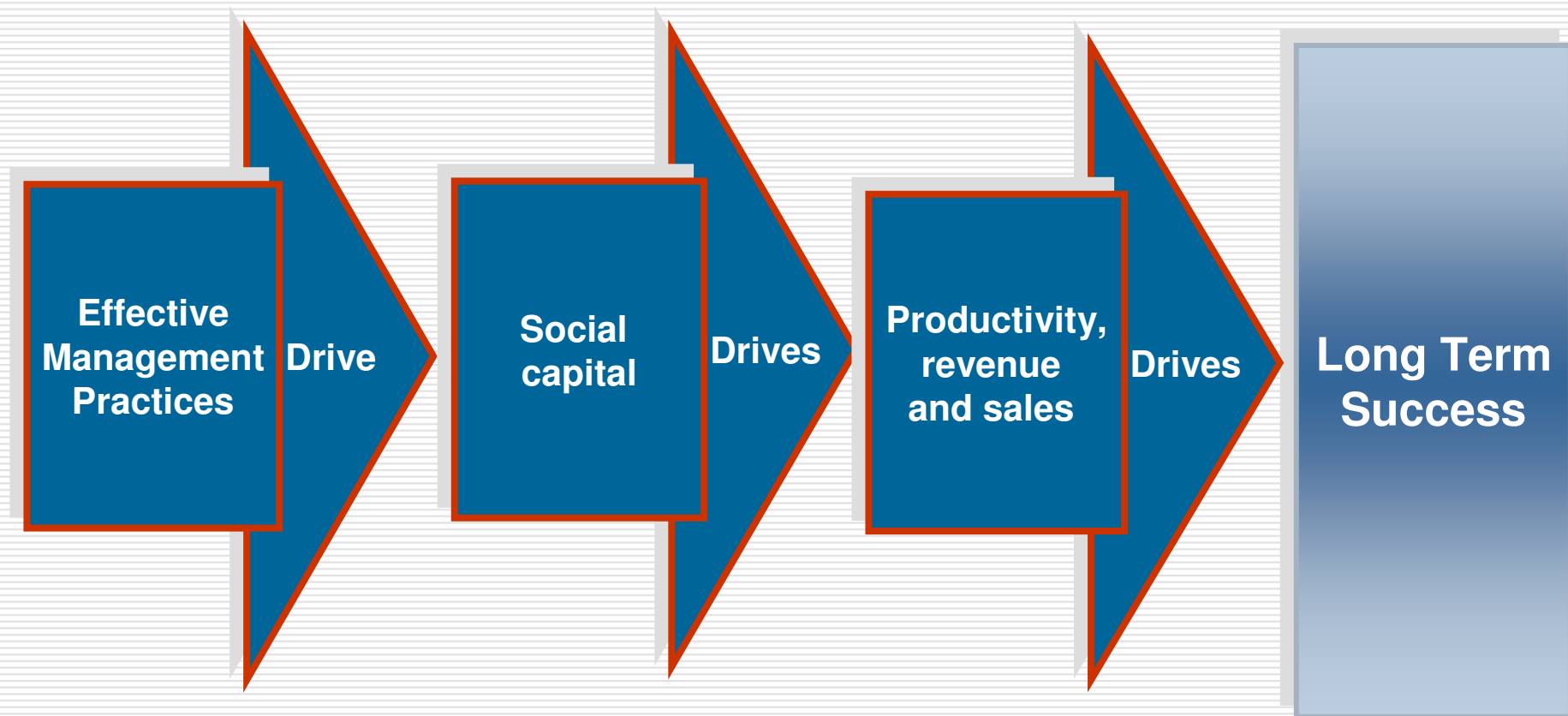


**Strong public  
reputation.**

**Financial targets met**

# What is social capital, and why does it matter?

# Research findings



# What is social capital?

Social capital is the strength of relationships between people in an organisation – the extent to which the organisation operates as a vibrant community.

# Employee behaviours

## □ Employees with high social capital:

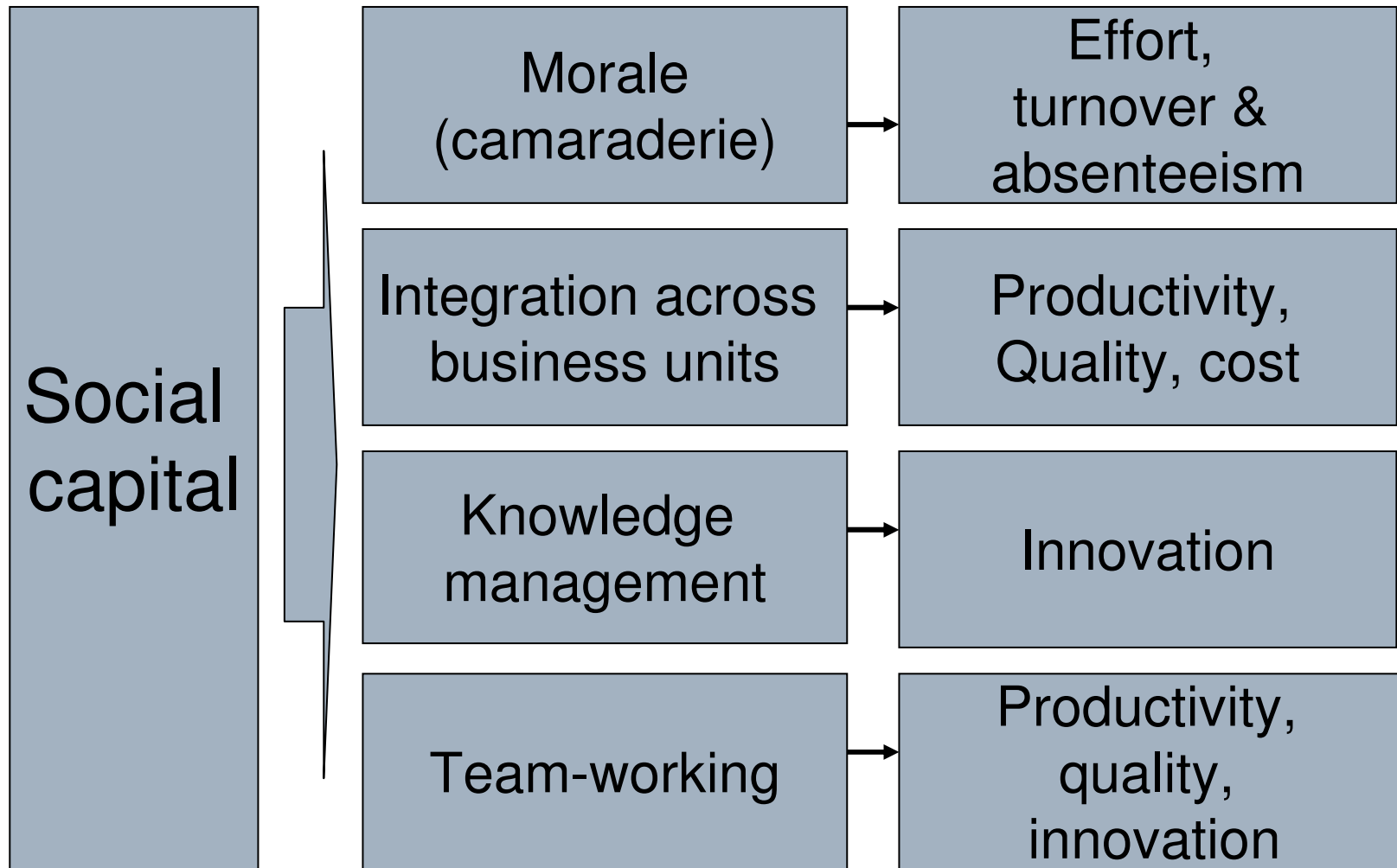
- communicate vigorously and openly with colleagues,
- actively help and support each other to the full;
- collaborate enthusiastically.

in groups and across the organisation

## □ Employees with low social capital:

- work in relative isolation – they are ‘silod’;
- may be antagonistic to colleagues;
- may result in cliques and destructive politics.

# How social capital drives performance



# The impact of social capital on performance: research findings

- ❑ In U.S. schools, better social capital improved student achievement in maths and reading. (Leana and Pil 2006)
- ❑ In U.S. hospitals, better social capital resulted in less post-operative pain and lower length of stay. (Gittell et al 2000)
- ❑ Knowledge management is the lifeblood of U.K. professional services firms. (Kinnie et al 2006)
- ❑ Sharing knowledge among employees is key to the speed of innovation in U.K. manufacturing. (Zander and Kogut 1995)
- ❑ In U.S. call centres, sales representatives who worked in self directed teams had 9.3% better sales. (Batt 1999)
- ❑ In U.K. hospitals, widespread team working is associated with 5% lower patient mortality. (West 2006)

# The Drivers of Social Capital.

# The drivers of social capital

**Ethos:**

- core purpose,
- a strong culture which supports collaboration.

People management policies & processes

First line managers

**Social capital,** composed of:

- Networks of social ties (who knows who, and how well).
- Shared purpose, culture & goals.
- Trust.

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# Organisational culture as a driver of social capital

**Artefacts:** shared language and jargon, stories and rituals.

**Behavioural norms:** shared understandings about what staff can expect of each other.

**Shared values:** beliefs about what's worthwhile



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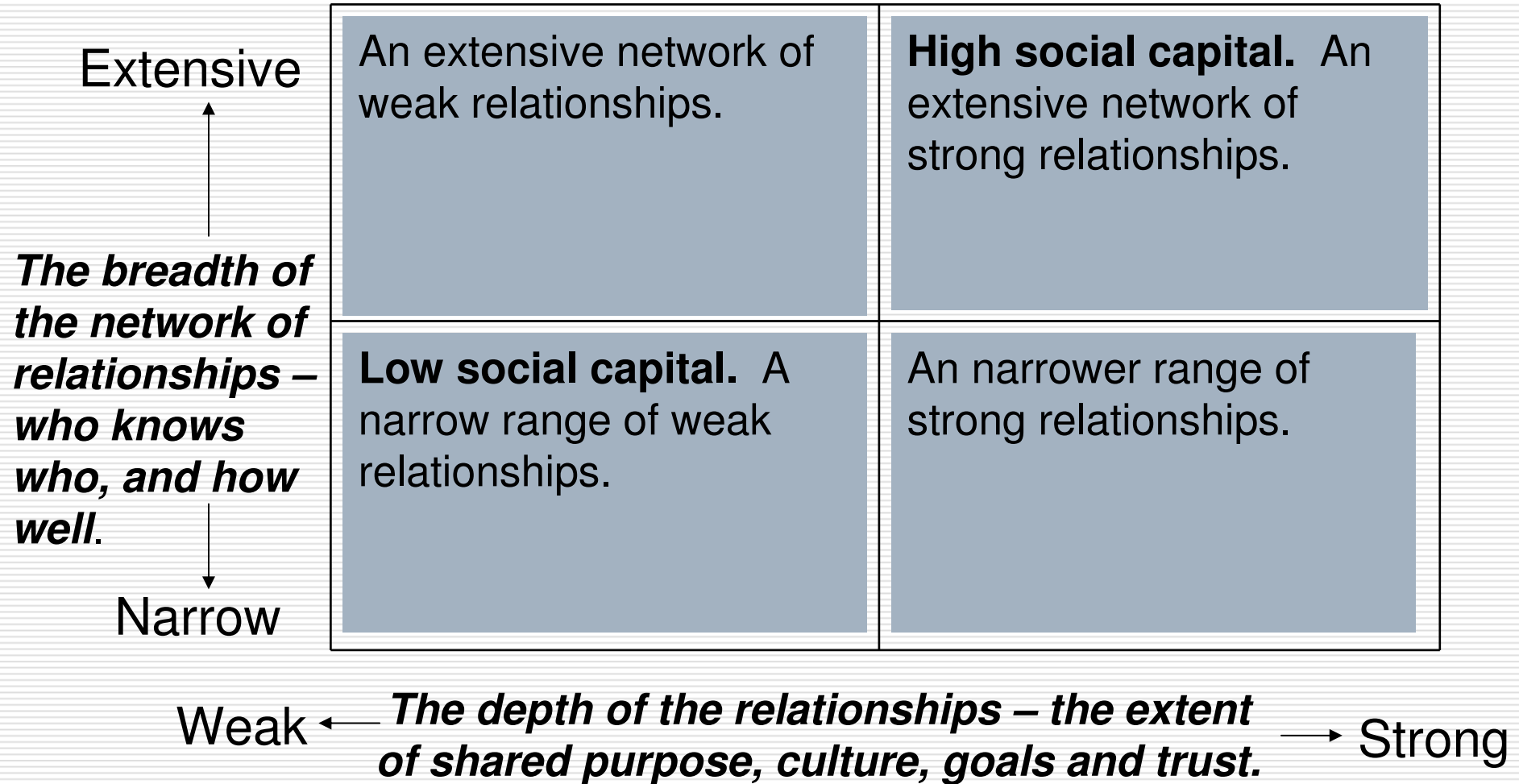
Employee well being.

# Managing and measuring social capital

# How strong should an organisation's social capital be?

- Building and maintaining social capital involves considerable investment - in the right culture, people management policies and systems, social networks and relationships.
- It's a return on investment issue – too much or too little investment in social capital can damage the organisation.

# The strength of social capital



# Exercise

A day in the life of ...

- A research scientist;
- A hospital physiotherapist.

(Five minutes)

# Measuring social capital

## Thoughts:

- Breadth of networks;
- Perceived depth of relationships – the extent of trust and co-operative behaviour;
- Extent to which knowledge and innovations are seen as being shared and applied by peers willingly and effectively.
- Extent to which people feel that a spirit of teamwork exists in their workgroup.

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