

ST GEORGE'S HOUSE CONSULTATION

**SOCIAL CAPITAL
IN THE WORKPLACE**
THURSDAY 16 - FRIDAY 17 JANUARY 2014

Supported by

HermanMiller



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INTRODUCTION

The focus of this consultation was to explore the role and importance of *Social Capital* in the workplace, and to consider the factors that support as well as hinder its development within the workplace.

Historically, *Social Capital* has been most closely associated with local communities and in particular social housing, although some academics make references to the much earlier work of philosophers such as Aristotle and other early Greek writers, who made references to civic society and social capital theory.

Initially focusing on what is meant by the term *Social Capital*, this consultation has explored the limits or boundaries of what constitutes Social Capital before considering how it can be utilised to create value in the workplace. Our discussions also explored the factors which can support and also hinder the development of *Social Capital* within the workplace, and the role that technology (principally social media) can play in supporting its growth.

St George's House is grateful to Herman Miller, Mr Doug Shaw of What Goes Around for his facilitation of our discussions, the speakers who provided their personal insights on attitudes towards social interaction in the workplace and the generation of stronger innovation, as well as all the participants who took part in our discussions for their open and forward facing contributions: such insights and ideas have helped to generate new thinking around an important social issue facing many organisations.

This report is structured to highlight the main themes emerging from the discussion as well as the conclusions and recommendations from the meeting. As with all St George's House Reports, this document aims to reflect from an independent perspective the main ideas and views put forward during the event, with the understanding that not everybody involved in the discussions will have endorsed all the ideas included.

BACKGROUND

The term *Social Capital* is typically defined using the work of Hanifan¹ who described social capital as: *"The tangible substances (that) count for most in the daily lives of people: namely good will, fellowship, sympathy, and social intercourse amongst the individuals and families who make up a social unit.... the individual is helpless socially, if left to himself. If he comes into contact with his neighbour, and they with other neighbours, there will be an accumulation of social capital, which may immediately satisfy his social needs and which may bear a social potentiality sufficient to the substantial improvement of living conditions in the while community. The community as a whole will benefit by the cooperation of all its parts, the individual will find in his associations the advantages of the help, the sympathy and the fellowship of his neighbours"*

Whilst this definition is concerned primarily with the community at large, our discussions focused on what is meant by *Social Capital* within the context of the working environment. Recognising that for different generations they have experienced different educational styles and when coupled with technological changes we are now witnessing there are fundamental shifts in terms of how individuals approach socialisation within the workplace. Technology in particular has altered the manner, style and reach of communication and social relationships on a global scale.

The manner and place of social interaction has also shifted for many people. Whereas in the past we frequented social clubs, places of worship or sports centres we noted that there is now a trend beginning to re-introduce social spaces within the working environment. Leading global companies such as Google, Apple and Facebook in the United States have been investing considerable sums to create both work and social spaces for their employees.

Neither can the growth in use of social media be ignored. Such developments have fundamentally shifted the speed and reach of social interaction, but at the same time with everyone leading an increasingly connected 24/7 lives it is unclear if this is leading to greater or less *Social Capital* being created.

¹ L J Hanifan, 1916

THE CONCEPT OF SOCIAL CAPITAL

Defining Social Capital

Social Capital is not an easy concept to define. Our discussions concluded that *Social Capital* is closely related to, but in many respects different, from the culture of an organisation. The role and value created by *Social Capital* within the workplace can also vary by geography, structure and size of an organisation. Our discussions started by exploring a number of existing definitions and the characteristics of *Social Capital*.

As with other forms of capital we felt it should be considered an asset, and something which can be valued, invested in and grown/accumulated over time. At the same time, we noted that you cannot ignore the inherently social nature of what constitutes *Social Capital*. It can only be created or accumulated through some form of interaction with a third party (be that face-to-face or remotely) – furthermore such interaction needs to provide the different parties with the opportunity to share and exchange ideas, thoughts, personal perspectives and experiences; such that they leave the interaction with a stronger appreciation of each other as a result of the exchange.

It is interesting to consider the extent to which such an exchange needs to be social or conversational in nature – some of our participants argued that Open Source software for instance is an example of *Social Capital* in operation. Open Source involves individuals freely exchanging ideas and shared experiences to create different or improved versions of software, and then providing this thinking to the wider community by freely sharing ideas and revisions. For some, this is a tangible example of accumulating *Social Capital*, whilst for others there is a stronger need for a more conversational exchange to create *Social Capital*.

We also considered the concept of *Social Capital* as the value that an individual accumulates through social collaboration with others in an organisation. This, when coupled to the concept that if an individual is happy within their social context at work they are more likely to be productive and to generate innovative ideas gives a different perspective. For some, the term 'collaboration' in the workplace was too narrow a definition, and they argued that *Social Capital* can be defined as "*the value gained from all the social interactions with other people*"

This led us to consider the concept of *Community Powered Innovation* – based on the idea that two heads are better than one, and that by having a sense of 'shared community' and greater social interaction at work, staff are more likely to be happier, innovative and able to generate new ideas or solutions to business challenges. An example was given of local community spaces which are self-managed by the community (e.g. a local park) – such spaces are democratically managed, have high levels of social interaction and conversation which leads to a strong sense of ownership, pride and innovation. We shall consider this idea further when we discuss the benefits of allowing staff to self-define the use of working environments and their spatial arrangement.

We concluded that *Social Capital* is best described as the benefit which can accumulate through social interaction between two or more individuals – learning about each other and sharing ideas in a social context provides a better appreciation of the background and values of each person, and this can ultimately allow for a more productive relationship to develop.

Benefits of Social Capital

There was general agreement that increasing *Social Capital* within the workplace creates benefits for both the individual and the organisation.

As we have mentioned earlier, engaged employees are likely to be more productive workers compared to those who are not as closely engaged with their colleagues at work. It is however important to remember that the level and type of engagement that an individual wishes to have will be driven by a range of cultural and psychological factors – and that the level of social interaction should be driven by individual choice rather than by organisational pressure to conform to a particular approach. An example was given of a person who might be defined as *introvert* using a personality tool (such as Myers-Brigg or similar) and how they are more likely to prefer a very different level of social interaction and office environment to someone who might be defined as *extrovert*! We shall consider this further when we look at factors which build and hinder the development of *Social Capital*.

In addition to greater productivity, participants felt that placing an emphasis on the importance of *Social Capital* within an organisation is likely to generate a stronger, more cohesive culture and sense of community amongst staff. Social interaction will allow a greater sense of shared culture to develop, and lead to more effective working relationships and trust between colleagues. Having a stronger social connection with colleagues also increases the level of shared knowledge within an organisation in terms of the skills and experience of others, and ultimately a stronger sense of shared culture can assist in terms of staff retention.

It is perhaps worth reflecting on the shift towards a greater sense of shared benefit from *Social Capital*. During the post-war years we heard how large organisations created social spaces for staff to interact and build *Social Capital*, but such facilities were viewed as very much as an 'investment' in staff who in return had a high level of loyalty to their employer and were likely to work for the same organisation over many years. In today's working environment we see a completely different pattern emerging, where longevity of employment is no longer guaranteed or in fact desired by staff. The implication for staff and employers are profound – there is a much greater sense of mutuality, with both parties accumulating *Social Capital* whilst an individual works for a specific organisation but ultimately the employer may lose the benefit of that accumulation when the staff member leaves – the employer needs to view his/her investment in *Social Capital* in a much broader context of good business practice and long-term value.

Another important benefit of focusing on the development of *Social Capital* within an organisation is innovation. The video briefing entitled *Where Good Ideas Come from* by Stephen Johnson provides useful background, however in our discussions we also considered the role that emotional factors play alongside that of social interaction in encouraging innovation. We heard how innovative organisations tend to have people who are not just inherently curious but also have an emotional investment in wanting to find solutions to the problems that the organisation faces. Innovation also requires the right culture to give staff the freedom to take risks and make mistakes, as well as the opportunity to explore ideas with others in a social context – developing social linkages and *Social Capital* is central to this process and can help to create a form of 'serious play' within the organisation.

An example was given of how creative thinking within a team was enhanced by getting the team to think about an issue which is important to each individual outside of the workplace, and then to share how this might be applied to a known business issue facing the organisation – this creates both a greater sense of team cohesion but more importantly creative approaches to problem solving.

Finally, it is perhaps worth mentioning the potential negative consequences of generating high levels of *Social Capital* within the workplace. We heard about the

concepts of 'bridging' and 'bonding' within a community group setting. The first describes the linkages which might form between two disparate groups within a community (for instance inter-generational appreciation), the latter relates to having a group of individuals with strong sense of common shared values. It is perhaps worth noting that if you have very strong 'bonding' it is often difficult to create any 'bridging' within a community, and so there is a tension which needs to be managed. Creating strongly cohesive groups can enhance *Social Capital* but at the same time they can become exclusive and raise the risk of 'group think' being established!

Building Social Capital in the workplace

There was a broad consensus that *Social Capital* cannot be generated or developed by a top-down or 'forced' approach. It has to be generated organically from within the workforce, although organisations have a critical role to play in terms of creating the right environment and culture to allow such development to flourish.

We heard about a historic example of an employer seeking to generate *Social Capital* amongst its employees. Shell built its original headquarters on the South Bank in London in 1957, and in the basement of the building was a network of social spaces, ranging from areas for drinking, playing sport and other social activities such as a staff cinema. The aim of these spaces was clear – they were designed to enable staff to mix socially whilst still within the work environment, and demonstrate that *Social Capital* in the workplace was as important almost 60 years ago as it is today! Two things have however changed since that era, businesses are culturally less paternalistic but nonetheless see the value of creating social spaces in the workplace, and in design terms we have moved towards a much more integrated approach for social and work spaces.

Our discussions identified a number of factors that can support the development of *Social Capital* in the workplace. These include:

- **Business culture** – having a culture which demonstrably values social interaction is seen as critical – we heard of many examples where office designers have been tasked with creating office environments that have specific areas for social interaction, only to see that the business culture does not support or value such interaction! Management has a clear role to play in terms of creating the right atmosphere within a company for such a culture to emerge – this includes demonstrably supporting the importance of social interaction as well as having a clear onboarding process for new staff that allows them to meet others, and start to build a shared understanding of the values and objectives of the organisation.
- **Legitimise social time** – consider bringing all staff together at specific times to allow them to interact socially during worktime. We heard of a global business that offers free pizza and beer every Friday for all staff, and during that period there is a short communication from senior management, however, the majority of Friday lunchtime is unstructured, allowing staff to socialise freely. This example demonstrates the importance of sending clear signals to staff in terms of the importance of how social interaction is valued by the organisation, and considered a legitimate workplace activity.
- **Utilise the changes in educational style** – we noted that for Generation X² and more overtly for individuals who are part of Generation Y³ the manner in which they have been educated at school and university means they are more likely to approach work in a more collaborative way. This means that such generations will enter the workplace with a more socially interactive frame of reference and this needs to be utilised. At the same time, businesses need to consider the implications of this on inter-generational relationships and the need to 'bridge' between the cohorts especially in terms of Generations X and Y, and the older Baby Boomer generation, who tend to hold much of the institutional knowledge in an organisation.
- **Empower staff to 'own' their workplace** – designers are often asked by employers to create social spaces within the workplace, however care should be taken in terms of 'labeling' such space for staff. If possible let staff choose what to call each space, how to use the space, and if possible let them adjust the

² Defined as the cohort of individuals born from the early 1960 through to early 1980s

³ Defined as the cohort of individuals born between early 1980s and early 2000s

layout to suit their needs. This will create a much stronger sense of 'community ownership' with social spaces filled and used by the staff themselves rather than something imposed by the architect⁴. The example was given of the new headquarters of Facebook in the US, where staff have been strongly involved in the design and internal layout of the entire building.

- **Clear vision and communication** – it is important to be clear with staff as to the challenges facing the organisation, and where creative thinking is required to address such challenges. This will help staff by giving a clear indication of where innovation is needed, and set a clear purpose for many of the interactions that take place between colleagues at work.
- **Recognise that everyone is an individual** – it is important to respect that different organisations have different types of people working in them, and that people need to be treated as individuals. Management need to consider how they can encourage social interaction, but also allow each person to decide what level and style of social interaction they wish to have with their colleagues. We heard that many employers have designed office space around the so called 'extrovert employee'⁵, who loves to interact and socialise as part of their daily work, without recognising that for those who are more of an 'introvert employee' this can be absolute hell! Individuals who score strongly on the introvert scale prefer quieter space, with less face-to-face interaction and tend to favour written forms of communication and social media as means of interacting socially with colleagues.
- **Face-to-face interaction** – there was much debate about the importance of face-to-face interaction between individuals to create *Social Capital*. A small number of participants felt it was not required and that you can create a mutually beneficial working relationship and *Social Capital* through remote interaction only (e.g. only using social media). The majority of participants however felt that some form of face-to-face interaction is required. Such face-to-face interaction helps to speed up and strengthen the development of *Social Capital*, even if such interactions become remote in nature at a later stage. An example was given of a global consulting firm which invests heavily in the latest social media technology for staff but which still sees value in intermittently allowing staff from around the world to meet and work together for a defined period of time. We concluded that organisations need to recognise this inherent desire for many staff to have some form of face-to-face social interaction with colleagues, even if this interaction is intermittent.

Finally, it is perhaps worth reflecting on the personal views of participants attending this consultation and the way in which such a meeting and an overnight stay at St George's House has allowed us to accumulate *Social Capital* within the group. The structure of our time together allowed for both formal and informal discussion, and it was felt by most participants that having informal opportunities to discuss ideas, experiences and background (for instance over drinks or dinner) has allowed us to have a stronger appreciation of each other, and meant that we generated a stronger sense of community – something which we will take forward with us after leaving St George's House. This was an example of the formation of *Social Capital* in action!

At the same time, we also considered the factors that are likely to hinder the development of *Social Capital* in the workplace. These included:

- **A culture of presenteeism** - throughout the education system we are taught that being visible to your superiors is an important factor in terms of success and progression. In many respects this culture is continued in the workplace, and

⁴ Based on the concept of Herman Hertzberg and the Dutch structuralist movement (1960s), where the architect provides the spatial framework which is eventually filled by the users of the space.

⁵ Extrovert based on the Myers-Brigg personality index categorisation.

the recent recession has only added to a sense of needing to be seen and to be busy in front of your boss. Such a sense of presenteeism can significantly reduce the opportunities for social interaction amongst colleagues who are fearful of not 'being viewed' as undertaking productive tasks. It also links to the earlier point of creating the right culture in organisation and valuing social interaction is a value creating activity.

- **Hot desking** – this approach to space planning has been adopted by many organisations as a cost saving measure, however it can significantly reduce the attractiveness of coming in to the office for many staff, and as a result reduce the opportunities for social interaction. The example was given of a hot desking environment where staff choose not to come in to the office in the early part of the week because the pressure on space means that they are unlikely to find a desk easily, and then on a Friday (typically the quietest day of the week) they tend to stay away regardless, because everyone knows that there will be significantly less people in the office to meet on that day!
- **Being too prescriptive about space** – staff need to feel empowered to 'own' the social spaces that being made available to them, otherwise they lose their legitimacy as spaces for social interaction and are not utilised.
- **Desire for privacy** – there is a balance to be made in terms of privacy and interaction, recognising that too little privacy can lead to a sense of social invasion and too much privacy can lead to isolation. The example was used of a staff member putting on headphones to listen to music in the office and how this can be interpreted as a desire for privacy by some, and sense of being anti-social by others! Management need to create a culture that can embrace personal control in terms of privacy, recognising that for some people social interaction can be a less outgoing activity than for others, whilst at the same time encouraging social interaction to take place.

The role of Social Media

Throughout our discussions there was reference to the role that social media can play as a mechanism for encouraging the development of *Social Capital*. Many larger organisations have developed internal forms of social media (e.g. Yammer) and for smaller organisations there is the issue to consider of staff using external social networking sites (e.g. Facebook and Linked-In).

Interestingly, we learned that individuals have differing attitudes towards the use of social media within the working environment, with some considering it a legitimate work activity and others viewing it as something more personal in nature and not something to be used during working time. For the latter group, they consider the use of social media to be an activity for outside the workplace, and this is an issue for managers to consider in terms of creating a culture where social media is more accepted as part of legitimate work-related activity.

There was general agreement that social media can be used to generate *Social Capital*, however, as mentioned earlier there was much less agreement over whether Social Capital can accumulate solely through a virtual interaction with no direct (either face-to-face or spoken) interaction. The majority view was that some form of face-to-face interaction is helpful at the start, and periodically during the use of, social media as a means of social interaction with colleagues – direct interaction was seen as the main way in which you can create trust and a deeper sense of understanding between the two parties.

There were a number of interesting issues to consider in terms of the use of social media as a means of encouraging the formation of *Social Capital* within the workplace:

- **Creating trust** – the use of a social media tool that is hosted (and therefore contained behind an organisational firewall) has a higher degree of security both in terms of data but also in terms of the people you are interacting with compared with a publically open website. On more public social media sites, there is a higher risk of false representation, and this can impact on the ability to create a trust between the parties.
- **Security** – there are other security issues to consider when using social media, especially in terms of reputational risk for organisations if staff start to comment on work related activities on public websites. Staff need to be given clear guidance regarding this matter and in fact many participants mentioned how they tend to use different forms of social media for work (preferring Linked-in and Twitter) whilst leaving Facebook for more personal matters.
- **Importance of self-directed use** – this links to the earlier issue of organisations trying to define social space on behalf of staff. It is important that staff can feel that they can use social media in whatever way they choose, and an example was given of a global organisation where a new internal social media platform was initially being used for purely social interaction with very limited business related discussion. We concluded that this should not be of concern to management, as there is a need to get the new platform accepted within the organisation, before the dialogue will start to contain more work related conversations.
- **Generational issues** – as mentioned earlier, many younger staff (part of Generation X and Generation Y) are regular users of social media, and will see it as an integral part of their lives. This leads to an issue of bridging and the need to encourage older cohorts of staff to engage more fully in the use of such media within the workplace.

Conclusions and recommendations

This consultation has confirmed the importance and value of creating *Social Capital* within the workplace. Whilst as a concept it is difficult to define, the outcomes from encouraging its development within the workplace are clear: a greater sense of shared purpose and community amongst staff, more satisfied and empowered staff, greater productivity, and the potential for stronger innovation.

As the definition of what we call 'community' becomes more blurred between our work and personal lives, there has been a return to the development of social space within the workplace, however the current design trend is towards greater integration of social and work spaces, rather than the historic trend of keeping them separate. As new generations enter the workplace with a stronger sense of collaborative working and a greater acceptance of social media, it will be important for organisations to consider how they build on such changes and allow 'bridging' between the different generations to further support development of *Social Capital*.

Whilst conceptually *Social Capital* has clear business benefits, we also concluded that it is not something that can be measured easily. As an intangible asset, it might be possible to measure its value through the use of proxy measures such as the business benefits that it delivers. This could form the focus of a further consultation on how to measure the return on investment gained by organisations that place *Social Capital* at the centre of their organisational strategy.

At the same time *Social Capital* is not something that can be forced to arise – it must be allowed to develop organically, and as a result of social interactions that occur naturally amongst individuals within an organisation. We concluded that if management tries too hard to develop *Social Capital* within an organisation, the result is likely to be the reverse effect! The role which management has to play is a crucial one in creating an environment in which staff feel they have permission to interact on a more social basis, as this can ultimately lead to positive outcomes for both the individual and the organisation. Management culture, clear vision, office design, and staff empowerment are clearly important in establishing the right environment for *Social Capital* in the workplace to thrive.

Finally, we concluded that social media has an important and growing role to play in the creation of *Social Capital*, however it is not yet a replacement for traditional face-to-face interaction, and in fact can work best if the two approaches are combined.

PARTICIPANTS

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ABOUT ST GEORGE'S HOUSE

St George's House was founded in 1966 by H.R.H The Duke of Edinburgh and the then Dean, Robin Woods. Their intention was to establish a safe physical and intellectual space where people of influence from right across society could come together to debate and discuss issues of national and international importance. Then, as now, it was hoped that the Wisdom nurtured through dialogue could be put to use for the good of our society. The House is a constituent part of the College of St George together with St George's Chapel and St George's School.

The physical House, located on Denton's Commons forms part of the fourteenth century foundations of the College of St George. It has been through many refurbishments since then and now provides accommodation for our guests, offices for our staff, breakout rooms for Consultation work, and of course dining facilities. If you eat in the House you will do so under the watchful gaze of our two founders whose portraits adorn the walls of the Dining Room.

The heart of the College of St George is St George's Chapel, where three times a day, every day, prayer is offered for the Sovereign and the nation, a tradition established in 1348 by King Edward III. It is precisely this tradition that gives the House its impetus and its wider theological context. The offering of prayer in the Chapel finds a practical expression in Consultations, where the House offers space for nurturing Wisdom.

Our Consultation programme has three distinct strands: social and ethical work on topics of national and international importance; Clergy Courses; and Consultations brought to us by external groups who understand and are in sympathy with the ethos of the House. Taken together our annual programme is varied, rich, and intellectually challenging.

We welcome people who are prepared to speak cogently and listen carefully, people prepared to persuade and be persuaded. The essence of a good Consultation is not necessarily consensus, welcome though that is but equally valuable is high quality disagreement, an open, honest interrogation of the issue to hand.

Our hope is that all our visitors will leave a St George's House Consultation thoughtful, questioning, refreshed and optimistic about their part in enhancing the world they inhabit and influence.

To this end the values of the House are openness, honesty, trust and respect. People from all areas of society, holding diverse views, opinions and beliefs come here to debate freely. The art of Consultation seeks to nurture Wisdom and open up the possibility of a different and better world.

ST GEORGE'S HOUSE



For more information about
Consultations at St George's House
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