

the  
workplace  
intelligence  
unit

07

social  
capital



# table of contents

---

the research	3
the findings	3
the workplace lessons	6

---

# social capital



For years, residential developers have sought to foster Social Capital in the built environments they create. Strong Social Capital (i.e. the intangible positive linkages which constitute “a sense of community”) has been shown to enhance the quality of residents’ lives and add value for developers - through prompting high economic growth, lower crime rates, longer tenancies, and greater pride in the physical environment, social capital can ultimately increase property values.

In a similar way, what are the benefits of building social capital in the workplace? The Workplace Intelligence Unit set out to transfer learnings from the residential context to the working environment, digging deep into the psychology of employee relationships and understanding how social capital can be supported, or undermined, by workplace design and management.

## the research

In defining social capital, Robert Putnam identified two distinct types of relationship – *Bonding* Social Capital (positive interactions between similar groups of people e.g. members of the same family or class at school) and *Bridging* Social Capital (positive interactions between different groups of people e.g. different generations or ethnic groups). For a community to have strong social capital both types must be present – allowing a diverse mixture of close-knit groups to live together in harmony.

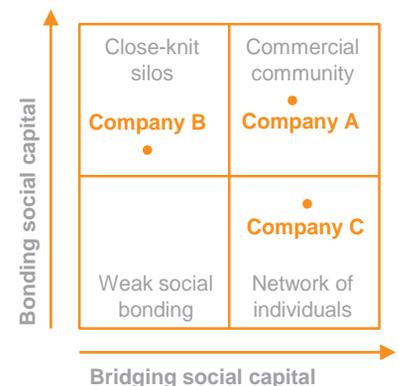
Developing the methodology from Putnam’s understanding, we equated *Bonding* social capital to positive intra team interactions, e.g. two members of the Marketing team collaborating effectively and *Bridging* social capital to positive inter team interactions, e.g. Marketing and Property colleagues collaborating effectively.

Phase one of the research was a specially developed electronic employees survey, based on an established Government survey and culminating in separate *Bonding* and *Bridging* social capital scores for each organisation. The scores indicated the strength and nature of social capital (balance between *Bridging* and *Bonding* scores) in each company. Phase two comprised facilitated workshops to explore the role the workplace played in influencing these scores.

## the findings

### 1. three social capital profiles

Each of the three participating companies exhibited different social capital profiles, each with different benefits and challenges (in the interests of confidentiality, the three companies remain anonymous). Their three different social capital profiles can be plotted on the matrix below, which demonstrates strength and balance between *Bonding* and *Bridging* social capital.



### **company a: the commercial community**

Company A is an architecture practice with a network of regional offices and 12% of its employees are flexible workers. With high levels of Bridging and Bonding social capital, it is clearly the strongest of the three companies and can be described as a true 'Commercial Community'.

Trust was an important contributory factor to the scoring, and Company A demonstrated strong levels of trust within teams, between teams and across levels of seniority. Against an average of 45%, 99% of employees in Company A felt that "I strongly trust / trust employees in my immediate team", and against an average of 72%, 95% of employees felt that "I strongly trust / trust the board".

Furthermore, Company A employees exhibited a strong sense of personal value, with over 75% declaring that "my work is valued by my employer" compared to only 45% at Company B. Workshops showed that this sense of value is very important for personal motivation, creating a sense of loyalty amongst workers, and creating loyalty between employee and employer.

The benefits of these relationships are evident - company A had the highest levels of overall job satisfaction. This has obvious value to the organisation in terms of retention, which reduces recruitment and training costs. In addition informal knowledge transfer was effective, with 68% of employees in Company A regularly taking time out to share knowledge with other colleagues.

### **company b: close-knit silos**

Company B is a property services business, which faces some challenges in terms of creating a united community. It has grown quickly through acquisition, employees are divided between the head office and clients' sites, and within the workplace management

are segregated, occupying a separate floor of private offices.

Interesting within teams, employees have a strong sense of trust and community - 87% say that if they had a personal crisis, "there is at least one colleague at work I could talk to about it". However, the story was different for bridging social capital, with almost 25% of employees saying they did not trust employees in other teams. Worryingly, there was little appetite to overcome the current division between teams. Few employees participated in organised company-wide social activities and few expressed a desire for more interaction between teams.

Employees in Company B felt little connection with the wider organisation and its goals, with only 44% of employees agreeing that "the company acts in the interest of employees."

Company B reveals that, if strong enough, high bonding social capital can act as a barrier to broader interactions and the full benefits that a workplace community can bring.

### **company c: the network of individuals**

Company C is a global telecoms company in which 60% of employees operate within virtual teams. Given the low rate of face-to-face communication it is perhaps surprising that this company has relatively high Bridging social capital.

In workshops, employees stated that despite the reliance on 'virtual networking', inter-team is efficient and employees have good confidence in the organisation as a whole. The low level of face-to-face interaction has not affected the quality of interactions between teams.



However, somewhat unusually, employees in Company C did not have stronger relationships with their own team than with those outside. Despite working on the same projects and having aligned objectives, workers within the same team had built up no more trust or sense of community than they had with workers from unrelated teams

It may be easy to believe that employees at Company C just like virtual working and do not need a sense of community within their team. However, workers expressed a high level of dissatisfaction with the lack of personal interaction within their teams, overall job satisfaction was low and the company struggles to retain employees in the long term.

## 2. flexible working can damage social capital

Research showed that flexible workers (those without a permanently allocated workstation) typically have lower levels of social capital if flexible working is not well implemented.

Of the employees participating in the research, it was clear that flexible workers crave more personal interaction. We asked employees whether they were happy with the level of interaction they have with their own team and with members of other teams. 95% of those with a fixed desk were happy with contact with their team, compared to 80% of hotdeskers, and 86% of fixed desk workers were happy with the level of interaction with those from other teams, compared to 70% of flexible workers, revealing some negative impact of flexible working on both types of social capital.

The survey results, confirmed by workshop engagement, also revealed that flexible workers typically felt less valued by their organisation.

## 3. Social Capital increases with age, not tenure

Across all three companies, social capital increased with age, not the length of time served with the company, as one might expect.

Whilst the underlying causes of this trend remain unclear, the tendency was uniform across the organisations, which poses an interesting question - are companies doing enough to create community amongst younger workers?

## 4. the 'Seniority Gap'

We saw that levels of trust fall as the 'seniority gap' widens, i.e. employees are most likely to trust colleagues who are of the same seniority level as themselves; they trust their managers a little bit less, trust senior managers even less and trust the Board even less again.

On average, 65% of employees agreed that "the company acts in the interest of employees", meaning over a third do not!

It is clear that this lack of trust in senior management is likely to have a negative impact on creating a motivated workforce with aligned objectives.

## 5. employers value influence

Having influence and being valued are important aspects of feeling part of a community. Whether in a company, a residential community or a family, people need to feel that their input to their community is influential, recognised and appreciated.

Our survey showed a clear link between whether employees felt able to influence decisions and whether they felt valued by the organisation. In turn, employees who felt valued also had higher overall job satisfaction.



## the workplace lessons

Having probed emergent models of social capital in organisations, what role can the workplace play in building strong commercial communities?

We have discovered eight workplace lessons:

### 1. visible leadership

Familiarity breeds trust, so it is important that employees can see senior management at work, even if they only have low personal interaction with them. It is worth considering whether management can spend time in an open plan environment.

Even if management need to remain in opaque private offices, traffic flows that encourage them to walk through the workplace regularly can be helpful.

Finally, a suitable space in the office where senior managers can address the entire company/department at once was found to be highly beneficial in terms of building trust and familiarity with employees.

### 2. strategy communication

Having a common understanding, and aligned vision amongst employees, is central to building social capital. Every employee in an organisation should have a basic understanding of the company's strategic goals. The workplace can be an effective canvas for communicating them every day in a subtle way.

By bringing the brand to life in the workplace, using intelligent interior design schemes and imagery, the workplace can continuously remind employees of how the company is differentiated from its competitors, what the company stands for and what its goals are for future success

### 3. wayfinding

Repeatedly, we heard employees say that when it is difficult to find colleagues, they simply "give up" on trying to have face-to-face collaboration and resort to email instead. Whilst this may be practical in some cases, the survey showed that people have a 'communication hierarchy', believing that the most effective way to communicate is face-to-face, followed by phone and then email.

If wayfinding around the workplace is poor, employees will end up using the 'wrong type' of communication for particular interactions. Simple tools such as mobile handsets, clear sightlines, and effective signage can help with this challenge.

### 4. giving hotdeskers a home

Given the potential negative impact of flexible desking on social capital, we recommend that remote workers are given a 'home' when they do come into the office. Rather than a pure "free address" system (where employees sit at any desk within the building) or a segregated "hotdesking / touch down" space, we recommend access to workstations within the employee's own team area. This can fight feelings of disenfranchisement and bolster social capital. Providing an alternative 'anchor' for flexible workers (such as personal lockers) can also give a sense of belonging in the office even without a personalised workstation.

### 5. engage

Workplace changes present a fairly unique opportunity to engage employees across the company; there are not many business issues that involve everyone, regardless of team or seniority, that can be discussed openly. We recommend taking the opportunity to engage the business on workplace changes,



talking to employees from the pre-design stage through to the move/change. Not only will this improve the design outcome, but will help build social capital throughout the process.

## 6. size matters

A number of sociological studies have shown that it is easier to build social capital amongst small groups, with three hundred being the maximum number of faces people can easily recognise. To breed familiarity and encourage interaction therefore, 'geographical hubs' around the workplace work well to foster impromptu conversation and wider, stronger networks in the organisation

## 7. create a civic heart

Many organisations with strong social capital have a single location in the workplace which represents the social heart of the building (similar to a town centre); a place which is accessible to all employees and brings everyone together in one place.

In Company A, the Corporate Community, the organisation was divided over two separate but adjacent buildings. The central breakout/café area acted as a 'link' between the two buildings, becoming the civic heart of the working environment.

## 8. connect with HR

Social capital is fundamentally about people. Whilst HR will probably have considered the concept of community within the business, they may not have considered how the workplace can help them achieve it. The path to creating a fully integrated workplace design that nurtures positive interactions is to collaborate with HR in the process of building a true commercial community

## about the workplace intelligence unit

The Workplace Intelligence Unit was established by forward thinking inc in 2004 in partnership with Herman Miller to conduct original research and develop thought leadership into the workplace, its link to business strategy and its role in developing long term corporate value. The unit is now a research arm of strategy consultancy forward thinking inc.

We believe a successful workplace is one which facilitates distinctive ways of working, reflects and reinforces the corporate identity, and improves the productivity of the occupants.



---

The Workplace Intelligence Unit is a research branch of strategy consultancy forward thinking inc

[www.workplaceintelligence.co.uk](http://www.workplaceintelligence.co.uk)

### Contact

Indigo House  
Holbrooke Place  
Richmond  
Surrey  
TW10 6UD

tel: +44 (0)20 8939 2330  
fax: +44 (0)20 8939 2331

George Phillips  
george.p@forwardthinkinginc.com