

Social Capital Analysis

A Powerful Tool for HR Professionals

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I first met Dr. Stephenson at a national SHRM Thought Leaders conference in 2010, and after learning about her credentials, and hearing her address the audience, I invited her to visit my HR consulting company in Lexington, KY. When I heard Dr. Stephenson talk about “networks of trust” and “heterarchical structures as the key to collaborative trust,” I wanted to learn more about SCA as it applies to how we can all be more effective HR leaders in building better places to work.

America has been challenged by many major catastrophic events, but 9/11 stands out as the monumental event that changed everything. In the decade following, the methods and tools of Social Capital Analysis (SCA) have become a hot topic not only for the government and the military as they attempt to understand the social patterns that will unravel the secrets behind those events, but also for business, industry, and communities as they attempt to improve communications, enhance innovation, and increase efficiencies.

At joint meetings of the Louisville and Bluegrass chapters of SHRM on August 23, 2011, Dr. Karen Stephenson, Harvard-trained anthropologist, pioneer, and world-renowned expert in the field of Social Capital Analysis (SCA), provided insights to HR professionals and business leaders on this leading-edge tool.

Introduction to Social Network Analysis (SNA): Precursor to Social Capital Analysis

In the 1930s, leading psychiatrist, theorist, and educator Jacob Moreno introduced the ideas and tools of sociometry, later adopting the moniker of “social network analysis.” Since then, the study of human behavior has used this social network analysis approach relying on mathematical modeling and using empirical data. Practical analysis of informal communication and human networks began as early as the 1950s in community studies in England; however, it wasn’t until the 1970s that the study of social networks took off as an interdisciplinary specialty.

Throughout those intervening decades, social network analysis grew increasingly sophisticated, and its applications for measuring human performance became more obvious. SCA is the next evolutionary phase of social network analysis, which is applied in organizational development and management, inter-organizational relations, mergers and



acquisitions, social service supports, and communications. Public health has used SCA to examine the spread of contagious diseases, and the US military has used it to analyze terror networks.

In addition, SCA is now the subject of professional communities of practice, textbooks, journals, university and private research, and training centers around the world, as well as a suite of different proprietary computer software programs designed specifically to facilitate the analysis of networks.

Dr. Karen Stephenson and NetForm International

As an early pioneer in this field, Dr. Karen Stephenson has been researching and analyzing human networks for over two decades. As a scientist, she discovered that only certain types of networks were crucial to connections. Eventually, Stephenson trademarked her methodology as NetForm®, an automated approach based upon the formal theory that there is a distinct qualitative and quantitative difference between hierarchy and informal networks.

So how does it work? Stephenson explains that seven easy-to-answer questions form the foundation for the analysis. She created NetForm® to map non-random, informal connections among constituents and to identify key individuals—called connectors—who hold pivotal positions within these networks. Essentially, NetForm® identifies the critical carriers of knowledge, the DNA of culture, by “identifying and diagnosing the cultural genome of an organization.” This approach was used by many firms in three joint ventures with IBM (1990-2000), Steelscase (1998-2002) and JP Morgan (2000-2003). The approach is analytical and based in mathematics, providing practical output in terms of social capital reports, which identify the intricacies of communication networks.

Stephenson’s academic and professional credentials are daunting—she holds a MA in Anthropology from the University of Utah and a PhD in Anthropology from Harvard University. She taught at Harvard University and UCLA, and she currently lectures at the Rotterdam School of Management at Erasmus University in Amsterdam. She is a global nomad, enjoying homes in Dallas, New York City, Los Angeles, and Spain.

Her down-to-earth attitude—likely a lasting characteristic from her formative years growing up in Texas—hasn't been diminished by years of international accolades. Stephenson has earned high praises for her innovation in solving a variety of complex social problems, and she has been featured in *The Economist*, *Forbes*, and *The Wall Street Journal*. Her consulting firm NetForm International was recognized as one of the top 100 leading innovation companies by CIO; she was awarded the first Houghton Hepburn Fellow at Bryn Mawr College for her groundbreaking contributions to civic engagement; and she was hailed in *Business 2.0* as “The Organization Woman.”



Stephenson formed her own company, NetForm International, in 1997. With a legacy of more than twenty years of research, publications, and practice with regard to the implementation of SCA in over 500 organizations, and her own carefully-designed, web-based software (NetForm®), she has offered the first-ever licensing program partnership with the Organization Development Network, and she now runs the program independently.

9/11—We’re Not Fighting a Nation, We’re Fighting a Human Network

In reflecting upon the events of 9/11, Dr. Stephenson has concluded, “People realized that human networks could undermine anything. My mantra became—we are not fighting a nation, we are fighting a network—and it was later picked up by President George Bush to describe the US stance on terrorism.”

Dr. Stephenson theorizes that this event, above all else, pushed the embryonic but growing field of Social Capital Analysis into the collective consciousness. She shared with us her belief that “if human networks are a thing to be understood then people wanted to know about the methodology by which they could be understood. . . with 9/11 people realized ‘why’ networks were important, now they want to understand ‘how’ to detect or diagnose them.”

From 1989 to 2000 and The Tipping Point to Today

Dr. Stephenson co-published her first paper on the topic of Social Capital Analysis in 1989. In the early 2000s, Stephenson applied her experience and expertise in SCA, in conjunction with her enterprise software NetForm®, to human networks within thirteen community-wide pilot projects in Great Britain. The focus was on locality—and these projects firmly establish that SCA can be important in

enabling and sustaining the innovation process within communities and agencies. Stephenson worked with the administration of Prime Minister Tony Blair; she was a pivotal cog when they ran over twenty community pilot projects, dealing with social concerns like domestic violence and teen gangs.

Dr. Stephenson’s prominence (and, as it turns out, her later involvement in managing community connector projects in the United States), catapulted after *The New Yorker* staff writer Malcolm Gladwell wrote an article about her work on the social dynamics of office spaces.

Then, in his first book, *The Tipping Point*, which became an overnight bestseller, Gladwell offered high praise for Stephenson’s work in SCA.

Gladwell also directed Leadership Philadelphia to hire Stephenson to help resolve the fragmentation and malaise in their city. At the urging of Gladwell, they contacted Stephenson and sought her help. Their goals were to gather a group of “connected” citizens, develop a plan for the urban landscape, provide opportunities for the disenfranchised, increase neighborhood renewal, and enhance civic leadership. Her mapping process resulted in the identification of 101 “connectors” and the potential for the opening the paths of trust, innovation, and collaboration. She says, “The titles of community heroes rarely reflect the contributions they make or their ability to influence the course of events.”

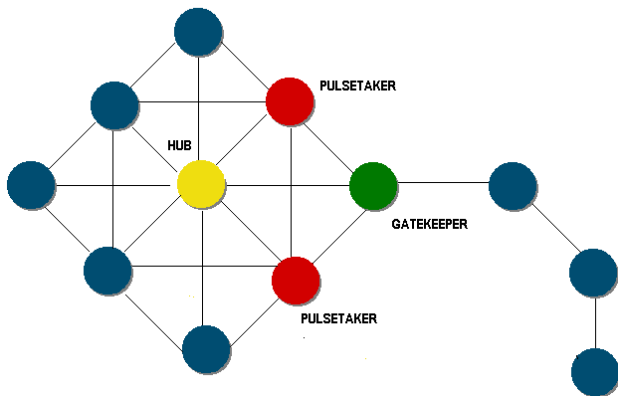
In 2008, Leadership Louisville contracted with Dr. Stephenson to conduct the “Louisville and Southern Indiana Connector Project.” Their community connector project identified 128 “connectors” who are still convening to generate ideas and address community needs. Currently, the “Bluegrass Community Connector Project” is underway in Central Kentucky. With the United Way of the Bluegrass providing leadership and administrative support, the launch will be conducted using video calls from all nine counties on August 26, 2011. Stephenson is also participating in community projects in Portland and Tucson.

Social Capital Analysis as a Powerful HR Tool

HR and OD professionals have been using Social Capital Analysis as a tool to help identify and map relationships inside their organizations so that HR strategy can be best aligned to corporate objectives. Outlined below are examples of the kinds of HR and OD initiatives where SCA can add meaningful metrics in order to drive better results:

- How do we identify the strongest potential leaders for succession planning?

- How do we prepare current and future leaders who are weak in social capital?
- How do we improve communications across silos?
- How do we rebuild trust to improve productivity? Morale? Loyalty and engagement?
- How do we plan for mergers and acquisitions? Restructuring?
- How can we improve onboarding for more successful and loyal new hires?
- How can we maintain our union-free status?
- How can we create an innovation culture, or refocus our culture?
- How can we make change stick?



Results from SCA projects might be Categorized in the following ways:

1. Metrics: Social capital of the organization is identified, measured, added to more traditional human capital metrics, such as 360 reviews, so that the metrics are captured in a more robust manner. Outcomes can include effective assimilation of new hires, enhanced retention of old hires, and the cross-validation of existing succession plans.
2. Re-organizing: One benefit for organizations undergoing restructuring due to mergers, acquisitions, divestitures, or transformations includes the development of strategic and tactical guidance systems. When things don't improve after the reorganization has been executed, it's because the boxes on the organization were changed without regard to where the networks exist, work, and live. With social capital analysis as a tool to aid in reorganization, outcomes can include employee engagement around the rapid adoption and adaptation of organizational restructuring, improved process improvement and learning, and a strategic map for managers and executives to guide their leadership.
3. Employee engagement: Through SCAs, the "cultural genome" within any organization is examined, and by seeding, slicing, and splicing new messages into existing ones, and strategically placing them with the key

influencers—the DNA carriers (Hubs, Gatekeepers, and Pulsetakers) of the cultural code—rapid change can occur. Outcomes can include the identification of the next generation of change agents and improved communications, enhancing employee satisfaction and engagement.

4. Workplace planning: The trust that holds work groups together can be stretched through space like a rubber band and redistributed to areas where knowledge is most needed. So, with Social Capital Analysis, the solution to workplace planning is often not more space, but smarter space involving co-location, collaboration, and cross-functional working.
5. Risk: How can early fraud within ranks be detected, reined in, and turned around? Social Capital Analysis identifies these early intellectual mavericks and makes a determination as to whether they should be sanctioned or salvaged.

In conclusion, from the perspective of a seasoned HR professional, it seems likely that social capital has been the missing link in the performance equation that only valued human capital (skills, talents and experience) as measured hierarchically. Dr. Stephenson's position is that the nature of traditional performance measures is limited and "half-right." The missing half is social capital. By adding together the social and human capital measures, the intellectual capital of any organization can be asserted, assessed, sorted, and quantified. HR can take the uncertainty out of managerial practice by making these intangible assets tangible and the management of them and their associated risks a reality.

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