Organizational social capital – an important dimension in future psychosocial research

3rd International COPSOQ Workshop
Barcelona, October 21, 2011
Tage S Kristensen
tsk@task-consult.dk
After the Championships in South Africa:
The whole French team was suspended

Unique fiasco: 3 games, 1 goal, 1 point, poorest result of all. Why?

They had poor social capital
Organizational social capital

The three diamonds

Collaboration → Justice → Trust → Collaboration

The core product or service

Trust → Justice → Trust
Organizational social capital – old Spanish wine on new bottles?
What is new about working with organizational social capital?

- Social capital is a characteristic of the *whole workplace* and not of a particular job or department
- It is a concept connected to *everyday operations* and the *core production*
- It is not primarily a work environment concept, but focuses on *leadership and cooperation*
- *Productivity and employee well-being* are considered as two sides of the same coin
Important point about workplace social capital

- Most work environment factors are at job-level. (For instance demands, influence, meaning, monotony, etc.)
- Others are at department level. (For instance quality of leadership, predictability, recognition, social support, etc.)
- Social capital is primarily at company level, e.g. a characteristic of the whole company.
## Trust at work

<table>
<thead>
<tr>
<th></th>
<th>Dialogue</th>
<th>Work</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bottom up</strong></td>
<td>The employees trust information from management</td>
<td>The employees trust that the management does a good job</td>
</tr>
<tr>
<td><strong>Horizontal</strong></td>
<td>The employees trust each other</td>
<td>The employees trust that their colleagues do a good job</td>
</tr>
<tr>
<td><strong>Top down</strong></td>
<td>The management trusts the employees</td>
<td>Management trusts that the employees do a good job</td>
</tr>
</tbody>
</table>

**OBS!**
Blind trust?
Justice at work - fairness

* **Distributive justice.** Are salaries, promotions, firings, recognition, fringe benefits, etc. distributed in a fair way?

* **Procedural justice.** Are processes fair? Are recognized procedures followed? Are things done ”the right way”? (This aspect includes the ”psychological contract”).

* **Interactional justice:**
  - **Interpersonal justice.** Are employees treated in a fair way, e.g. with respect?
  - **Informative justice.** Do the employees receive sufficient information about processes?

*Cohen-Charash & Spector, 2001.*
Organizational social capital: Collaboration

Bonding, bridging and linking

Teams, occupations or departments

Bonding

Linking

Management

Bridging

Bonding

Bonding

Bonding
Social capital is always associated with high job satisfaction and well-being.
Social capital and job satisfaction in the schools of Copenhagen

Skoler
Social kapital og spørgsmålet 'Hos os er stemningen præget af arbejdsglæde'
Social capital and job satisfaction

A study of hospital wards and municipal institutions

Social capital project, 2009.
Social capital og job satisfaction in call centres

Mathiesen & Wiegman, 2009
(In)Justice and depression*

A Finnish prospective study of 1,786 female hospital employees

* Diagnosed by MD

Social capital and psychological well-being in the police force

Social capital:
Trust between colleagues and cooperation between units

Less stress
Fewer depressive symptoms
Less burnout

A study from Baltimore, Maryland. 2010.
Social capital and leadership

“We were just talking about your leadership skills.”
Social capital and quality of leadership in the schools of a Danish municipality
Development of social capital and quality of leadership during a one-year intervention project
Social capital, absence and turnover of personnel
Great Place to Work: A concept focusing on social capital

- The five dimensions in the ”Great Place to Work” measure:
  - Credibility
  - Respect
  - Fairness
  - Pride
  - Camaraderie
Sickness absence of the "50 best places to work" in Denmark, 2009

(No information: 6)

Median absence rate 2.5 %

Social capital and absence in China

Relation between aggregate company level social capital at work and sick leave. 18 companies, 953 employees. $P = 0.0012$.

Social capital and intention to quit

Social capital project, 2009.
"Great place to work" – lower turnover of employees

Lymann, 2008
Social capital: Quality, productivity, and innovation
Social capital og perceived service quality in call centres

Mathiesen & Wiegman, 2009
ASSOCIATION BETWEEN SOCIAL CAPITAL AND PERCEIVED QUALITY OF TREATMENT IN HOSPITALS

GENNEMSNITSPONT PÅ EN SKALA FRA 0-100 FOR TILLID OG RETFÆRDIGHEJD (SOCIAL KAPITAL) OG FAGLIG KVALITET, OPDELT PÅ VIRKSOMHEDER

(AONYMISERT)

Den røde prik i figuren illustrerer Region Hovedstadens gennemsnit.

* Faglig kvalitet er et gennemsnit af følgende spørgsmål:
Spm. 3. Er du tilfreds med den faglige kvalitet af det arbejde, I udfører på din arbejdsplads?
Spm. 4. Oplever du, at der er klare kriterier for faglig kvalitet på din arbejdsplads?
Spm. 44. Er du stolt over det arbejde, I udfører på din arbejdsplads?
Trust in the coach – the road to success in American basketball

- The players’ trust in the chief coach
  - Results in the NCAA* basketball tournament in the US

- The players’ skills and performance**

** The proportion playing on national and other selected teams

* National Collegiate Athletic Association

Social capital and school grades

A study of 88 American schools
(2,167 teachers, 5,130 parents and 88 leaders)

Social background of the students

Experience of the teachers

Social capital of the schools

Grades in oral English

Grades in mathematics

0.31

0.16

0.40

0.46

0.30

Trust and productivity

A study of 43 companies in the US car industry

Trust* between management and employees → Higher involvement in the workplace → Increased effort:
  a. Productivity
  b. Innovation
  c. Cooperation

* Trust: Believing that the employees are competent, honest, reliable, and involved.
Social capital and innovation in a large American company

A study of trust and collaboration between 15 independent units in a large international electronic company with 31,000 employees

Tsai & Ghoshal, 1998
Social capital and economic results
Dividend to the stockholders in the "100 best workplaces" in the US

Cumulative dividends over 6 years in companies with high social capital

Trust and sales in a Canadian supermarket chain

En study of the significance of the degree to which the employees’ feel being trusted by the supervisors.

88 supermarkets with a total of 4,000 employees. Large differences between the stores with regard to perceived trust.

Irma was in deep crisis and about to close down. Josefsen built up the social capital of Irma, and the economic results followed.
Social capital, knowledge sharing and economic growth

A study of 136 knowledge-based American companies with at least 100 employees

Commitment based HR management

“Social climate”

Trust

Collaboration

Common language

Knowledge sharing

Economic growth

Increase in sales

Sale of new products (%)

Data from HR-boss

Data from knowledge workers (7 per company)

Data after 1 year

All correlations are significant.

HCL, fabulous case.
From 2005 to 2010:

• Fire times as many customers
• Trippling of income
• Doubling of ”market cap” (value)
• 50% higher customer satisfaction
• No 1 in job satisfaction
• Fortune: ”Most modern management”
• Harvard: ”Case study in teaching”
• Business Week: ”One of five emerging companies to watch out for”

(Vineet Nayar. Employees first, customers second. 2010).
Social capital and satisfaction of customers, citizens and patients
Precision and customer complaints among American airlines

Complaints per 1000 passengers

Low quality: US Airways, United, North West, American, Jet Blue, Alaska

High quality: Delta, Continental

Arrivals on time %

Up in the air. p.5.
An overall theory:
Gittell’s theory on “relational coordination”
(bridging between occupational groups)
What do they have in common?

- A hospital
- A symphony orchestra
- A group of soldiers in combat
- A building site
- An airline
- The administration of a municipality
- A university
- A prison
When is cooperation under (extra) pressure?

- When we are dealing with professions with strong identity
- When different groups have special knowledge
- When there are status differences with regard to salary, prestige, etc.
- When the groups depend on each other in order to do a good job

Gittell, 2005
It is not enough that the employees have good professional skills

• They must also be able to cooperate:
  – Coordination
    • Common language
    • Common goal
    • Mutual respect
  – Communication
    • Timing and frequency
    • Precision
    • Problem solving
Bridging social capital and quality of treatment in 9 hospitals

Quality: Beddays, freedom from pain, functional ability, patient satisfaction

High social capital in hospitals
A study of hip and knee surgery

• Fewer beddays
• More operations per employee
• Sooner recovery of functional ability after surgery
• Sooner freedom from pain
• Higher patient satisfaction
• Higher job satisfaction of employees
High social capital in Southwest Airlines

- Highest number of passengers per employee
- Highest proportion flying time
- Highest precision
- Highest passenger satisfaction
- Lowest number of lost suitcases
- Very high employee satisfaction
- Very high level of union membership
- No firing of employees – not even in 2001
Summing up
The strong triangle

Customer/citizen satisfaction or loyalty

High social capital and high job satisfaction at the workplace

High productivity, quality, and innovation
Take-home messages from recent Danish research projects on social capital

• Workplaces with the same external conditions have very different levels of social capital. Local leadership and collaboration makes the difference.

• There are strong associations between social capital and employee well-being, effectiveness, recognition, quality of leadership, etc.

• Workplace social capital can be improved through a systematic and determined efforts.

• It appears that a high level of leadership quality is a necessary condition for developing high social capital.
Thank you for your attention
A good point?

• The purpose of a workplace is *not* to create health and wellbeing among the employees.
• The purpose is to create value for the customer or citizen through high quality/productivity.
• But at the end of the day it appears that high quality results in pride and wellbeing among the employees.
Workplace social capital: The shortest questionnaire in the world

- 1. Can you trust the information that comes from the management?
- 2. Does the management trust the employees to do their work well?
- 3. Are conflicts resolved in a fair way?
- 4. Is the work distributed fairly?

5 response options per question (0-4). Total: 0-16 points. Average for Denmark: 10.2 points. (N = 3,517).
Common knowledge, common language…

How can they work together if they don’t learn together?
Crime rates are lower in American states with high social capital

Figure 7.4
Violent crime is rarer in high social capital states

Danish companies among the “50 best big workplaces” of Europe

1 Microsoft
4 Cisco
16 ATP
19 Irma
21 Alka Forsikring
23 EnergiMidt
25 NetDesign
27 McDonald’s
Economic equality and social capital in 50 American states

Wilander 2010
Educational performance is higher in American states with high social capital.

Figure 7.1
Schools work better in high social capital states

How is the individual employee influenced by the SOCIAL CAPITAL of the company?

SOCIAL CAPITAL (Collaboration, trust, justice)

GOOD (PSYCHOSOCIAL) WORK ENVIRONMENT

- Meaning
- Recognition
- Respect
- Social support
- Predictability (information)
- Role- clarity

WELL-BEING, JOB SATISFACTION, LOW STRESS, LOW ABSENCE, LOW PERSONNEL TURNOVER
How is productivity, quality and creativity influenced by the SOCIAL CAPITAL of the company?
How is customer and citizen satisfaction and loyalty influenced by the SOCIAL CAPITAL of the company?

SOCIAL CAPITAL
(Cooperation, trust, justice)

Quality of products
Focus on value for the customer
Focus on the process
Friendliness and smile
Organizational citizenship

HIGH SATISFACTION, LOYALTY AND SENSE OF OWNERSHIP AMONG CUSTOMERS AND CITIZENS
Justice and quality of leadership

A study of 13 Danish companies

Justice

Leadership

Savings bank
Kindergartens
Institutions for handicapped
Bank
Home care
Municipal health services
Consulting firm
IT-company
Manufacturing
Machine factory
Family counseling
Catering
Printing factory
Model for links between work environment and productivity

Work environment:
Job factors, group factors, company factors

Psychological factors

Behavior

Customers/citizens

Production/services

Economic result.
Productivity and quality

Limit!
Organizational citizenship, productivity and quality

A study of 218 workers in 40 workteams
at an American paper factory

Good organizational citizenship

Helpfulness

Sportsmanship

Social behavior

Productivity (quantity)

Quality (few errors)

Children watch less TV in states with higher social capital

Quality of life and job satisfaction at nursing homes in the US – a question of social capital

105 residents and 252 employees at 15 nursing homes

Relational coordination (Bridging social capital between occupational groups)

Quality of life of residents

Job satisfaction of the employees

Relational coordination at hospitals

Gittell, 2009.
Service climate and customer loyalty in Spanish hotels and restaurants

A study of employees and customers in 114 companies

Customer loyalty: That the customer would like to return and would like to recommend the place to others.

Sickness absence in the "50 best companies" of Denmark in 2008

Number of companies

- 1.0-1.9 %: 10 companies
- 2.0-2.9 %: 22 companies
- 3.0-3.9 %: 10 companies
- 4.0-4.9 %: 4 companies

(No information: 4)
Median absence rate 2.4 %

Social capital and job satisfaction

“Social capital is a better predictor of quality of life at work and job satisfaction than the characteristics of the worker, the company or organization, and the work environment”.

Social capital and quantitative demands at work in the schools of a Danish municipality
Social capital and the recommendation of "job at our workplace" to others

Schools in Copenhagen

Skoler
Social kapital og spørgsmålet 'Jeg kan anbefale andre at søge arbejde hos os'
### Social capital and satisfaction of school children

An analysis of the schools of Copenhagen

<table>
<thead>
<tr>
<th></th>
<th>How satisfied are you with your own school? (Very) satisfied</th>
<th>How do you feel about going to school for the time being? (Very) well</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schools with low social capital</td>
<td>54%</td>
<td>45%</td>
</tr>
<tr>
<td>Schools with high social capital</td>
<td>71%</td>
<td>52%</td>
</tr>
</tbody>
</table>
Social capital and the prevalence of cardiovascular disease among nurses in Chinese hospitals

Jian Li & TS Kristensen, 2011.

2,854 nurses in 12 hospitals
Stress level among hospital nurses and critical incidents

A study of 293 nurses over 3 months

Average stress score (VAS scale) in 48 units

Critical incidents (falls, medication errors, etc.)

Dugan et al. J Nurs Care Qual 1996;10:46-58
Tension between employees and employers?

Proportion reporting: “High level of tension”

1. Denmark 6%
2. Sweden 16%
3. Finland 17%
4. Cyprus 18%
5. Estonia 20%
EU 25 36%
24. Slovenia 49%
25. Romania 49%
26. France 49%
27. Lithuania 53%
28. Poland 53%

The work environment strategy of the Danish labor unions

• "The work environment strategy is built upon a number of central concepts:
• The six golden nuggets
• Workplace social capital
• Employee well-being”

"The strategy is built on the assumption that a good work environment for the employees and high competitiveness for the companies are mutually reinforcing each other and not in conflict. A good work environment promotes high competitiveness"."
Trust and health:
The association between vertical trust at work and average depression score

COPSOQ Study, 2005. Both scales go from 0 to 100.
What is preventing higher social capital?

- Rigid boundaries between occupations
- Agreements and laws
- Habitual thinking
- Unflexible organizations
- Hierarchies, differences in power and salaries
- Differences in education and training
- Recruitment to jobs
Which magical power can….

• protect nurses against heart disease in China?
• increase school grades of American school children?
• save a Danish supermarket chain from economic bankruptcy?
• transform an Indian IT-company into a unique economic success?
• increase creativity and innovation among knowledge workers in the US?
• result in higher productivity, job satisfaction, and patient satisfaction at the same time?
Why did Ferguson fire Roy Keane?

Roy Keane had been the captain of Manchester United for many years, but he openly criticized a number of his team-mates on TV. Then he was fired.
As short as possible........
Gittell’s model for relationships and communication

High Quality Relationships:
- Shared goals
- Shared knowledge
- Mutual respect

High Quality Communication:
- Frequent communication
- Timely communication
- Accurate communication
- Problem-solving communication

Low Quality Relationships:
- Functional goals
- Specialized knowledge
- Disrespect

Low Quality Communication:
- Infrequent communication
- Delayed communication
- Inaccurate communication
- “Finger-pointing” communication
From protection to sustainability

• The old work environment thinking emphasizes reduced risk and protection of health (defensive and reactive)

• A modern concept emphasizes sustainability
  - Humans
  - Capital
  - Goods and raw materials
  - Energy
A Paparazzo photo...
This is good branding
General trust in a number of countries – do people trust each other?

GT Svendsen. Økonomi & Politik 2006;42-55.
Building trust at work

• Trust is increased by being trustworthy:
  – *Consistent behavior*: Your actions are understandable and explainable
  – *Integrity*: You do what you say and say what you do
  – *Delegation of control*: You show trust by giving important tasks and power to others
  – *Demonstration of openness and attention*: You take others’ points of view seriously
Trust and justice

VIPS data 2007

Trust

Justice

Sparekassen
Daginstitutionerne
Sundhedstjenesten
Døgninstitutionen
Hjemmeplejen
Transportmateriel
Konsulenthuset
IT-virksomheden
Familierådgivningen
Catering
Trykkeriet
The six rules for a fair process

- **Consistency.** Same procedure should be followed for all employees.

- **Objectivity.** The personal preferences and sympathies of leaders should not influence the process.

- **Basis for decisions.** Decisions should be based on reliable and relevant information.

- **Appeal.** It should be possible to appeal and to have unfair and wrong decisions changed.

- **Representation.** All involved parties should be involved and heard in the process.

- **Ethics.** The process should be in accordance with fundamental ethical principles.

*Leventhal. 1980.*
Justice and power

• "Justice without power is powerlessness. Power without justice is tyranny"

Immanuel Kant
(1724-1804)
Justice and health

A prospective study over 2 years of 3,773 Finnish hospital employees

Justice and absence

Results from a Finnish study of 31,000 public employees

Relative risk of absence (at least 3 days)

<table>
<thead>
<tr>
<th></th>
<th>Høj</th>
<th>Lav</th>
<th></th>
<th>Høj</th>
<th>Lav</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>1.00</td>
<td>1.57</td>
<td>Women</td>
<td>1.00</td>
<td>1.23</td>
</tr>
</tbody>
</table>

Poor collaboration at work and risk of depression

A 2-year follow-up study of 4,815 Finnish hospital employees

* No association with influence or demands at work

Personnel turnover at the "50 best places to work" in Denmark, 2009

<table>
<thead>
<tr>
<th>Percentage Range</th>
<th>Number of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-4 %</td>
<td>13</td>
</tr>
<tr>
<td>5-9 %</td>
<td>19</td>
</tr>
<tr>
<td>10-14 %</td>
<td>11</td>
</tr>
<tr>
<td>15-19 %</td>
<td>4</td>
</tr>
<tr>
<td>20-29 %</td>
<td>2</td>
</tr>
<tr>
<td>30 % +</td>
<td>1</td>
</tr>
</tbody>
</table>

Median value 8 %

De 100 Bedste i USA (1998) sammenlignet med markedet

Hvis m investede 1.000$ for 10 år siden i de 100 Bedste arbejdspladser i USA ville man have fået et afkast på 8.188$, sammenlignet med et afkast på 3.976$ hvis man havde investeret i Russell 3000. Kilde: Franklin Research & Development

![Average Annual Return to Shareholders](chart/average_annual_return_to_shareholders.png)

**Average Annual Return to Shareholders**

- **5-YEAR**
  - 100 BEST (51 publicly traded cos.)
  - Russell 3000

- **10-YEAR**
  - 100 BEST ($4 cos.)
  - Russell 3000
HCL’s five phases on the road

• We set impossible goals
• We look ourselves in the mirror
• We create trust through transparency
• Turning the pyramid upside down
• We delegate responsibility for strategy and change to everyone

Vineet Nayar, 2010