

## Chapter 4

# In Business It's Always Been About the Social Capital: We Can Consider Who You Know, How You Know Them, and the Strength and Value of Those Relationships

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### **ABSTRACT**

*The author works within a corporate organization and critically evaluates the development of effective and valuable business relevant personal relationships and networks. Although this may not appear on balance sheets, they can have a significant impact on the bottom line – such relationships may even be an organization's unique selling point (USP) in its environment. Real work experiences have been and are reflected upon in relation to theoretical conceptualizations of social capital and social modes of knowledge production. Working managers need to develop from normal work situations and consider their added value. This chapter considers the development of social capital and its strategic nature in business along with action research and reflection as experiential management learning. It is lastly of note that although the implications of social capital is reflected upon and discussed, no definitive value or measurement for such relationships or management learning is proposed.*

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## **INTRODUCTION**

This chapter is a review, an academically grounded reflection of an individual learning journey taken over 20+ years and the application of the concept of social capital generation to a convergence of business tasks. These include customer relationships, communications, issue management, advocacy, lobbying and knowledge management along with the study of practices, learning and functional application undertaken within a global business.

The setting for this work was to enable some understanding of one of the intangible drivers that determine a wide range of parameters for any business or organization and influences the wider environment – its people network and influence. These intangibles - often referred to as of knowledge, culture and change management (Lin. et al. 2001) - do not appear on balance sheets, but ultimately have an enormous impact on bottom lines (Rodgers, 2003).

The creation, destruction and use of so called social capital calls for much consideration and when we extend this to the business and commercial domains it quickly links to audience targeting and segmentation. There is much published research on audience or target segmentation linked to CRM (customer relationship management) thinking and marketing processes and evolution. Perhaps notably this chapter will shy away from any discussion on infomatics and influence using social media at this time (Schaefer, 2012) as the discussions regarding such channels as an end in themselves quickly become circular in nature. However, over the last 20 years there has been little empirical work linked to social capital in business regarding business relationships; Galbreath (2000) as an early example made reference to value termed relational capital.

Over time, a parallel large body of work has developed which questions how to work without any personal contact particularly by using electronic meeting tools and virtual rooms. It may be mused that relational social capital can, by its very uniqueness give organizations and their strategies individual properties that act as a source of unique competitive advantage.

This chapter will consider the return on relationships - the mega relationships (beyond the market) and the nano relationships (inside the company). These may not be obvious, especially in the short term, when a business is taken over or new direction or strategic thought is applied, and which is related to individuals – personal relationships. Organizations do not have relationships with organizations...people have relationships with people!

Such relationships may be regarded as antecedents to successful market relationships. Mega relationships are often strategic and structural necessities; without them, the supplier will be out of business. Nano-relationships offer internal and necessary conditions for external market relationships. Return on mega-relationships

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