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Book Review for Achieving Success Through Social Capital

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BOOK REVIEW

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Achieving Success Through Social Capital

By Wayne Baker. San Francisco: Jossey-Bass Inc., 2000. 256 pages.

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Social capital is a hot topic in organizations today. The concept, which gained wide appeal among social scientists in the mid-1980s with Bourdieu's (1985) essay, *The Forms of Capital,* has been used to explain a variety of social issues, related to civic involvement, public school education, youth behavior, public health, economic development, and ethnic relations (Adler & Kwon, 2000). Then in 2000, Putnam's classic, *Bowling Alone,* which chronicles American society's increasing individualism, caught the attention of the popular media, and communities around the country began holding workshops to evaluate and repair their social capital. Corporations have begun to explore its currency as they face various operational and personnel changes and challenges. I, too, became fascinated with the term as I conducted field research on entrepreneurial and informational resources in disadvantaged neighborhoods. The work led me to Wayne Baker's book, *Achieving Success Through Social Capital.* Baker asserts a well-known but often unacknowledged fact of business life: Having the right relationships provides access to an array of resources, increases one's referent power, and improves one's social, economic, and professional opportunities. The note on the book's jacket asks, bluntly: "Why do some people prosper while some struggle? The difference is more than what they know. Successful people know how to improve their wealth, health, and happiness by creating social capital." I was so impressed with the detail Baker provides throughout the book that I have successfully tested some of the included exercises in my business communication classes. With only a few concerns that I raise later in the review, Baker's thesis is a compelling one that communication and other business faculty should not ignore.

As a preface to the book, Baker explains why his "message of social capital" is needed today more than ever. First, we have become an electronically networked society; and businesses operate within global systems and must design new ways of work and exchange of information among workers. Organizations also face a plethora of people problems, ranging from

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high turnover, to interpersonal conflicts, to increasing diversity; all which require new perspectives and solutions. Individuals, too, must take charge of their work lives since they cannot expect lifelong employment or well-defined career paths. Baker also sees his book as capturing new scientific knowledge on the increasing research interest and application of networks, networking, teamwork, and group processes. He offers readers a "practical, step-by-step guide" to assessing, building, and using their social capital and describes his mission as "[contributing] to the theory and practice of a more humane society" (p. xvi). The book's five chapters include explicating the concept of social capital, assessing social capital, building social capital, and using social capital to further individual and organizational goals.

In the first chapter, "What is Social Capital and Why You Should Care About It," Baker tackles several questions a novice reader might have about the subject. He defines social capital as "the resources available in and through personal and business networks" (p. 1). Such resources, he continues, may include "information, ideas, leads, business opportunities, power and influence, emotional support, even goodwill, trust, and cooperation" (p. 1). Social capital cannot be counted or expressed in financial terms since neither is it owned by a single individual. Instead, social capital emanates from our interactions with other people—a social synergy, if you will. However, like the other forms of capital, social capital contributes to business productivity as well as personal success. For a business, social capital can help to increase market share, attract investment capital, improve corporate image, increase operational efficiency, and boost employee morale. For the individual, social capital may help provide job opportunities and pay increases and enhance one's health, happiness, and overall quality of life. One medical study that Baker referenced concluded that belonging to the right networks could prevent the common cold (Cohen, Doyle, Skoner, & Gwaltney, 1997). Yet, such benefits do not come without effort, and Baker urges his readers to "manage" their social relations.

Baker challenges us to discard the myth that success is an individual undertaking. For instance, he notes that when clients or students are asked about the source of their opportunities and achievements, they usually list their own qualities and attitudes (education, intelligence, hard work, etc.) rather than the people in their social networks. There is a sense of guilt and shame that is deeply rooted in myths about individualism—"that society consists of a set of independent individuals, each of whom acts to achieve goals that are independently arrived at, and that the functioning of the social system consists of a combination of these actions of independent individuals" (p. 4). Such a myth, he argues, actually lowers our chances of success, depresses our pay, limits our promotion, and even jeopardizes our health and welfare. He believes that an individual's "ethical" duty is to disregard the myth and actively manage his or her relationships.

As if talking directly to skeptics in his audience who might consider such actions "Un-American" (p. 4), Baker advises that managing social capital does not require one to use Machiavellian techniques. He acknowledges that the more notorious and self-serving networkers who show up at happy hours to push business cards are "fixated on getting" and give business relationships a bad name. Their gains are usually short term. One the other hand, someone who commits to building relationships based on trust and concern for others tends to have longer lasting and more rewarding relationships. He uses the term "reciprocity," discussed in greater detail in the fourth chapter, to describe the nature of long-term relationships that most enhance social capital building. One important step in managing social capital and building those productive relationships involves assessing the current state of one's networks. For this process, Baker employs an elaborate system of diagrams and exercises.

The first practical step in Baker's system is outlined in the second chapter, "Evaluating Your Social Capital." To begin, one must become more aware about the types of relationships that work and then assess the contents of one's relationships. In the first of several worksheets, readers are asked to list six names of people with whom they communicate when they discuss important personal matters, explore new ideas, complete projects and tasks, and socialize. These names in each of the four categories are then visually arranged in sociograms, with individual circles connected by lines to show the relationships. The reader then enters the names on a second worksheet and describes each person's gender, ethnicity, age, education, and significant life experience. The third worksheet asks readers to describe their professional, industry, political, cultural, religious, and recreational affiliations. Mathematically inclined readers may take the process a step further and calculate the density of their networks or create elaborate bar graphs depicting their affiliations. The point of the exercise is for readers to gain a realistic sense of where they stand in relation to the number and types of people in their networks. They can visualize the size (density and redundancy), composition (types of people), and focus (interests and activities) of the networks and determine if the network is providing the support they need to achieve their goals and begin to improve them.

Once readers analyze their existing networks they can begin building entrepreneurial networks, the subject of the third chapter. Here, Baker explains the small-world principle ("six degrees of separation," p. 80) and the way the world is organized into "clumps" of interconnected people, groups, communities (people who know people who know people, etc.). He uses examples of noteworthy people (e.g., actors, politicians, socialites, and corporate leaders) who serve in various professional and social roles and who help to create the small world effect and increase their social capital. Baker illustrates the "linchpin effect" with people who serve on several corporate boards or in a variety of community service roles. Such people are in a position to connect disparate networks of individuals who may not know each other and depend on linchpins for information leading to needed resources. Yet, even those of us who do not have high-profile positions can become linchpins by employing a number of "simple" tactics: sitting in the right places at meetings, joining diverse, non-familiar committees, rotating jobs, volunteering outside of work, mobilizing a caucus group, attending workshops to acquire new skills. The reader who succeeds in these tasks is prepared to use the social capital thus derived.

Probably the most important concept in building social capital is reciprocity, which Baker addresses in Chapter 4, "Using your Social Capital." He uses several anecdotes to explain that a system of expectations and obligations is fundamental to the function of social capital. In essence, when someone performs a favor for another person, the donor trusts the recipient to return the favor if the opportunity arises in the future. If the recipient and donor are part of a larger social network, then the favor may be returned to other members of the network. Baker warns readers that although this exchange helps to strengthen the network, individual members should not reduce the process to keeping tabs; doing so can degenerate into feelings of entitlement or dissatisfaction if the favor is not returned within an expected time. The point is well illustrated in an anecdote about the Ethiopian government, one of the poorest in Africa, helping Mexican earthquake victims in 1985 as a show of gratitude to the Mexicans who had provided aid back in 1935. Thus, we should avoid the "fixation on getting" and enjoy the full potential of our network relationships by focusing on helping without expecting something in return.

How can companies benefit from social capital? In the final chapter, "Building Social Capital as an Organizational Competence," Baker suggests that companies can change their physical and social architecture that will result in increased interaction, openness, and trust. His ten specific interventions include facility design (open plans), hiring (referrals), multidisciplinary teams, job rotation, education and development, communities of practice (informal collectives), participation (the elimination of hierarchy), management networks, external networks, and incentive systems. While many of these systems have been used under different nomenclatures, Baker urges corporations to combine these efforts and include every member of the organization in the process. General Electric, AT&T, and the Royal Bank of Canada, among others are used as examples of companies that have successfully implemented some of these intervention modes.

Does Baker present social capital building as easy to accomplish and always desirable? In a way, he does. Although the book is full of illustrations of social capital in action in a variety of settings, it does not examine the deeper context that may hinder the process. For instance, when social capital encounters other common human qualities and needs, such as greed, envy, power and status, then individuals may act irrationally (or rationally) even when the greater benefits of social capital are obvious. Baker's message seems targeted to readers who are not aware or chose to ignore some of the potential benefits of social capital; yet the discussion overlooks those individuals who intentionally impede social capital building in their communities. Politicians, community leaders, and corporate managers with a divide-and-conquer mentality come to mind.

Furthermore, when individuals form strong relationships they are less likely to challenge the actions of a member because of complacency or for fear of alienation and "risks of negative externalities" (Adler and Kwon, 2002). In a study conducted by Florida, Cushing, and Gates (2002), the researchers concluded that too much social capital can hamper creativity and innovation in communities as well as organizations. These researchers found that regions of the United States scoring high on social capital had less innovation in their industries and economic life, while the converse was true for areas of low social capital. Community relationships can become so strong that groups and organizations become complacent and insulated from outside information and changes.

For some readers Baker may appear contradictory with his frequent use of "investing" to describe the actions of individuals who desire to maximize their social capital. The term "investment" in contemporary culture connotes maximization of an individual's or corporation's possessions and position. Thus, it would be self-defeating if not impractical to "invest in relationships," but not monitor or anticipate returns. The juxtaposition of "investing" against recommendations for "creating human moments," "creating personal communities," "helping," and "empathy" may confuse some readers about realistic expectations for building social capital. Baker may not have intended such confusion, but it shows how difficult it is to capture the meaning of "social capital" without allusions to profit.

Despite those semantic concerns, I believe that *Achieving Success Through Social Capital* is a useful book. Teachers and consultants should find it helpful when they develop activities that allow students and clients to examine their relationships as they enter full-time work or seek mobility in their organizations. I designed a module in which students completed the social capital exercise, conducted informational interviews with business practitioners, sent goodwill messages, and listened to business panelists share their experiences in building relationships. Many students commented that the exercises concretized concepts and issues they had encountered in other business courses. The book should also help individuals who have been traditionally excluded from social and professional networks to learn ways to build relationships in order to enhance their chances of success. Seidel, Polzer, and Stewart (2000), for example, found that minorities and women often lack access to the types of networks and information resources and end up negotiating lower salaries, fewer promotions, and job benefits. Ultimately, our understanding of the value of social capital in the marketplace helps to broaden the scope of business communication and gives us (teachers, consultants, etc.) an opportunity to build bridges to other areas of the business school as well as business organizations.

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