

People & Organizational Performance Practice

Social capital: Build back better relationships at work

Companies are reporting a dearth of social capital since the start of the pandemic. How can they reestablish meaningful connections among teams and individuals in today's changed work environments?



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Social capital, a technical term for connectivity in the workplace, is important for helping employees execute, learn, innovate, and advance in organizations. Right now, because of the COVID-19 pandemic and the related upheaval in office and staffing norms, it's in short supply. But there are ways to rebuild social capital, say McKinsey senior partner John Parsons and partner Brooke Weddle on this episode of *The McKinsey Podcast*. Hear their conversation with editorial director Roberta Fusaro about McKinsey's recent report on the state of social capital and why executives need to manage workplace interactions more intentionally—always, but especially now.

After, get to know married couple and associate partners Angela and Sebastian Sinisterra-Woods. They talk about the kind of support and impact they've experienced during their time at the firm—plus a handy McKinsey-derived marital lesson, too.

The following transcript has been edited for clarity and length.

The McKinsey Podcast is cohosted by Roberta Fusaro and Lucia Rahilly.

What exactly is social capital?

Roberta Fusaro: We're here today to talk about social capital, a topic that has always seemed to be this wonky term for what a lot of people call workplace connection, or connectivity. Brooke, am I oversimplifying? What is social capital? How would we define it?

Brooke Weddle: Social capital, simply defined, is the presence of networks, relationships, and connections within any organization or, more broadly, community or culture. It's been studied for decades, and some of the more recent work by Robert Putnam has emphasized the impact of social capital as it relates to ties in a community.

McKinsey's research looks at social capital in the context of organizations and how social capital

has evolved over the course of the pandemic. Our research specifically looked at social capital in terms of three specific elements: access, motivation, and the ability to build social capital into your network—recognizing that you may have access and you may be motivated, but at the end of the day, there's actually skill involved in building and maintaining social capital.

Roberta Fusaro: Why do companies need social capital? Why is it so important?

John Parsons: An organization is made up of individuals, teams of people, and people who lead the teams. Social capital benefits them each in different ways.

With regard to individuals, it's important to have connections to facilitate greater creativity and greater learning. There's a lot of research that shows if you are more engaged, you're more likely to stay. Connectivity can also help with career mobility.

If you're leading teams or you're a part of a team, social capital is a building block that ultimately leads to that connection, that innovation, and that sharing of ideas.

Beware of unsocial capital

Roberta Fusaro: Brooke, is there a downside to social capital? I'd imagine if you don't manage it well, or if you don't manage it at all, there can be negative consequences for individuals or organizations. Is that true?

Brooke Weddle: It's a nuanced concept. When you think about relationships that form the bonds around social capital, those relationships can be homogeneous, meaning they can lead to silos in an organization or, to use a very informal term, cliques.

We've seen that, in some cases, groups that are privileged in an organization can create relationships and connections that might be exclusive and not as democratic, in terms of allowing

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—Brooke Weddle

others to access them. This might be an unintended consequence of the fact that we like to hang out with people who are like us.

However, if we’re trying to get the full benefits of social capital in an organization, we need to be as attuned to those strong ties that connect people just as much as we need to be attuned to those weak ties that connect people. Those weak ties can lead to spontaneous collisions that allow us to interact with folks that we might not necessarily have interacted with and, in some cases, form new ideas.

John Parsons: It’s about the ability of an organization to manage social capital with a lens toward inclusion. The dark side comes if social capital becomes exclusionary or isn’t something that everybody can access equally. You have to be very thoughtful about how you include people.

Social capital is sinking

Roberta Fusaro: The recent McKinsey report says many companies today are actually running low on social capital and connections. What’s creating the deficit?

Brooke Weddle: We were curious about how social capital had been impacted by the pandemic. There was a lot of conversations with our own clients around, “Gosh. It feels like we’re not as close to each other anymore.”

Or, “Seems like trust has gone down because we’re not hanging out in the hallways pre- and post-meetings.” We were curious about what actually has happened here mathematically, so we conducted a large-scale survey of US-based companies.

We found that access to social capital has gone way down. Specifically, fewer than 15 percent of employees reported that their network had grown. Only about a fifth of employees felt that they were more connected to people in their network.

Even when we looked at people’s external connections, similarly, less than 20 percent felt that those had grown. The demographic differences are both interesting and troubling.

When we looked at the differences between men and women, women were far less likely to have seen their internal or external networks grow during the pandemic. Similarly, when we looked at different

levels in a company, we saw big differences in terms of what senior leaders reported as the growth of their network versus the front line. Only single-digit numbers were being reported by the front line in terms of the growth of their networks, relative to half of senior leaders who had seen and experienced a greater feeling of connection.

Building back bonds

Roberta Fusaro: Let's explore how individuals and companies can build back their stores of social capital. I want to have this discussion using those three lenses that you had mentioned around motivation, access, and ability. How can companies motivate employees to take the time to connect with others and build or rebuild their networks?

Brooke Weddle: Companies can rebuild social capital in a number of different ways. First of all, I think that the data we saw represent a call to action. In some ways we need to tell a story around social capital that allows employees to understand some of the benefits related to social capital.

Some of that might be intuitive. "Well, of course I want to develop relationships." However, a deeper understanding of social capital would also include some of these weaker ties that we talked about. I remember that when I was a more junior employee starting off at McKinsey, I had a hard time wrapping my head around this idea that I needed to invest as much in some of the social interactions as just getting the model right and performing well.

As we see young people weigh in about their perceptions around hybrid work, they are understanding some of the trade-offs related to how to build social capital. To be clear, I think social capital can be built in a virtual context as well as an in-person context.

The other way organizations can help to motivate employees is to build it formally into the performance management system. Sponsorship, meaning a relationship that is built on investing in

a more junior colleague, can help incentivize people to develop deeper relationships. Incenting leaders to think that way and to build connections accordingly is a helpful lever in terms of increasing motivation.

We also need good role modeling here. Imagine a leader saying, "We're going to spend as much time checking in with each other at the start of the meeting as we do running through the tactics of how we're going to get work done." Obviously, there needs to be a balance. But I think leaders can play a big role in terms of role modeling what it looks like to place importance on the concept of social capital.

Roberta Fusaro: John, any other levers that companies can use to boost motivation?

John Parsons: On a more individual level, I was talking with a group of executives, and the discussion was about how you build your network, and how you build your network in the external environment. Coming out of the last two to two-and-a-half years, there was a broad acknowledgment that we have been quite internally focused.

Now it's about being deliberate, making sure that you're taking time to pick up the phone and scheduling meetings, and getting to meet people, and being thoughtful about what the network is.

In addition, you must recognize the benefit of doing this, that it is actually an important thing to do. And therefore it is OK, if not expected, that you spend some of your time doing that.

The power of influencers

Roberta Fusaro: I want to turn to the access dimension. How can companies ensure that employees have access to networking opportunities, and therefore more access to social capital?

Brooke Weddle: It's really important to start with some kind of baseline, meaning an analytical

baseline of what social capital looks like in the organization. One analysis that we frequently see being helpful is where you identify key influencers in the organization.

Influential not because of hierarchy, but influential because people go to these people in the organization for advice because they trust them, because they know that this person will understand and have information about what's happening.

There are analytical ways of identifying these people, and you can take that input and create a social network map of the organization. And you can figure out: Where are the bridge builders? The people who are connecting otherwise disconnected groups.

Where are the super influencers? The people in the organization who are connected to other influential employees in the organization and so on. Bringing some kind of rigorous analytical baseline is a really critical first starting point to having any conversation around access to social capital in the organization.

Roberta Fusaro: Can you provide an example, John?

John Parsons: A colleague shared this story with me. We were working with a client on a performance transformation, an operations transformation to improve production to get costs down.

It wasn't going very well. People were not buying in. Things weren't moving. And by chance, they added somebody to the central project management office as a finance analyst, just to record the numbers and help with reporting.

This individual sat quietly at the end of the table all day, recorded the numbers, was part of the team, engaged in conversations, but didn't really say too much. But all of a sudden it turned out that people started showing up and asking questions about the transformation.

Leaders in the organization started engaging. People wanted to know what it was all about and actually started participating. Before we knew it, it was taking off and they were starting to see the performance improvement. What we found out afterward was that this individual who had been selected to the team was one of these super connectors that Brooke's talking about.

He was the president of the social club. He was the captain of the softball team. He held a poker game at his house every Saturday night. And so he had all of these contacts and connections within the company. And when he was having those events, he would be talking about what he learned all day, and what was going on, and that it was actually not a bad thing, that they were really trying to help the company.

It added credence. But that wouldn't have happened if it wasn't for the fact that this individual had that social capital and had that credibility with all of his colleagues.

The spectrum of social capital

Roberta Fusaro: That's a great story. Finally, I wanted to get to the ability dimension. I'm curious about what sort of structures or resources companies can use to boost people's ability to build social capital in the workplace.

Brooke Weddle: The research showed that the numbers in terms of ability were higher relative to access and motivation.

Fifty percent of employees reported they know how to build out their network and have the time to do it. So it might just be in general more of a challenge to gain access and muster motivation.

That being said, these are perceptions of ability. One thing that I've seen in working with organizations is it's important to help to invest in employees' understanding of the different kinds of social capital. Similar to what we were talking about before, there

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are strong ties. And those can even be friendship ties. There are also weak ties in an organization.

You can very quickly understand, “Gosh. My network is a little bit biased to having these really strong connections,” which is terrific. “But how can I create more of these weak ties to bridge to different parts of the organization, which might open up different opportunities?”

Raising an employee’s awareness around these different ties and the function or the specific functionality of those ties can be a real game changer, especially for people who are trying to advance in their career and understand the landscape of opportunity and development.

Roberta Fusaro: John, are there any other points around ability that you would like to add here?

John Parsons: I want to be careful when we talk about social capital, because it’s not always social. It’s not the idea of: How do you build connections through after-work activities, etcetera?

I know a lot of people who consider networking to be going out for drinks, or going to a big dinner with

hundreds of people and you’re supposed to work the room. It doesn’t have to be that at all. In fact, I would argue that’s actually quite ineffective.

If you think about it in a work context, you build these social connections when you help somebody, when you go out of your way to be a sponsor, to create an opportunity to introduce them to somebody, to show that you actually take a genuine interest and care in the individual. They will reciprocate, or they will pass it on to somebody else. All of those small actions end up creating a social bond and social capital within the organization.

Linking the physical and the social

Roberta Fusaro: Are there ways that companies can make physical changes or otherwise make it easier for folks to build social capital or to make these connections?

John Parsons: We recognize that the physical space that we had before the pandemic actually doesn’t make sense for us today. Part of that is because now people are spending a lot more time working hybrid or working on Zoom. So open-concept seating just doesn’t make sense.

We're literally redesigning and renovating the office to create both more closed-door spaces—so more single meeting rooms, single offices, small meeting rooms where people can get together—and maintain the larger open areas that are designed and purposed for having lunch together, having a coffee, and sitting down and talking. You have to do both. And if we don't make the physical changes for the ability for people to work, they're not going to come to the office at all, so you lose the second benefit of those social connections.

Roberta Fusaro: Brooke, anything to add there?

Brooke Weddle: What I've seen other leaders think through is: What are my own biases around work and working in the office versus working at home? And how can I actually modulate those to be a little bit more open-minded around what actually is possible?

I personally have a bias to being in the office and being around people. I'm a very extroverted person. But I think I've learned that there are ways to connect virtually that I might not honestly have been exposed to had it not been for this experience that we had during the pandemic.

Instead of reverting back to a world in which we are more dominated by this in-person work, we should learn from some of those experiences and readjust our own notions so that we can create effective models that might actually be a little bit more diverse and inclusive of different preferences.

Staying connected

Roberta Fusaro: With or without the pandemic, what are some best practices for maintaining relationships over time?

Brooke Weddle: It's a little bit like one's physical health—it takes some focused attention. It requires taking stock.

Through the research, we saw that social capital can be fragile. If neglected, it can atrophy quite quickly, with those numbers going down so significantly in terms of the network that people reported and the network growth during the pandemic, especially for groups that are in some ways already at a disadvantage.

Women have left the workforce in disproportionately high numbers. And they're the ones who were seeing the social capital having been reduced the most, relative to men. It's concerning. The best thing to do is focus time and attention on it and ensure that, just as John said at the start, the approach is inclusive, so that you build and you maximize the positive impacts of social capital, of which there are many.

John Parsons: One trap to avoid falling into is that, yes, you have to be conscious of it. Yes, you have to keep working at it. It can atrophy quite quickly. At the same time, it's not like you should carve out two days a week and say, "It's Tuesday and Wednesday. It's my social day where I'm going to go build my network."

A client of mine recently said, "It's right under your nose." Every interaction you have with somebody, whether it's a business interaction or otherwise, is an opportunity to build that social connection. You have to have the mindset that it's integrated into everything you do on a daily basis.

Beyond golf games and happy hours

Roberta Fusaro: When it comes to inclusion, are there any traps that executives can fall into and ways to get around those traps?

John Parsons: One story I'll share is that I was speaking with an executive who shared that since they took on a new role, they've been invited out to play golf almost every week.

They've told me, "But I don't play golf. It's not something that I'm interested in." So that's an example where it's not deliberately so, but it's excluding a group of people who are just not interested in golf.

The solution is just don't be over reliant on that. If the way that you build a strong network at your organization is at 4:00 p.m. every day, or 5:00 p.m., everybody goes out to drink, you are by definition excluding people who don't want to go there, don't drink, have to get home for kids, any number of reasons.

McKinsey defaults to a lot of wind downs where people get together and have drinks at the end of the day. I had a number of folks in the office for various religious reasons who just didn't drink. So we actually went and bought a bunch of specialty sodas and juice so that when we had a wind down, they actually had something different other than the normal soft drinks and bubbly out of the fridge.

Brooke Weddle: I do think you've got to challenge your own biases. If going to golf is great for you, fine. Keep going to golf. But recognize that you should do a few other things as well to broaden the inclusive aspect of building that social capital.

Roberta Fusaro: Brooke, John, this has been terrific. Thanks for joining us today.

Brooke Weddle: Thank you, Roberta. It was a lot of fun.

John Parsons: Thank you, Roberta.

Lucia Rahilly: Angela and Sebastian Sinisterra-Woods were building up a kind of social capital before they joined McKinsey. They were dating. Now they're married and work as associate partners at the firm. They join us to share the kind of support and impact they've experienced during their time at the firm—and how whiteboards aren't just for conference rooms.

Sebastian Sinisterra-Woods: Angela and I met at a Halloween party. Neither of us were wearing a memorable costume.

Angela Sinisterra-Woods: I was dressed as a nerd, so not that different from my usual attire. I attended a McKinsey information session while I was at Duke [University]. At that point, I had zero clue what consulting was, certainly no idea who McKinsey was. What really drew me was the opportunity to work across sectors, the public, social and private sector,

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—Sebastian Sinisterra-Woods

and the opportunity to learn from a wide variety of industries and functions.

Sebastian Sinisterra-Woods: The apprenticeship model is one of the hallmarks of the McKinsey experience, and it certainly delivers because you're never on any one project for too long. Every year you get multiple reps working with different colleagues, different peers, and different senior partners and partners at McKinsey. Each of them has had hundreds of projects, working with different companies, different CEOs. So just by virtue of working with them, you also get to absorb a lot of those learnings.

Angela Sinisterra-Woods: All of my work is with a practice that we call SHaPE, which is our social healthcare and public entities practice. I find that my work with those organizations is so mission driven, and it gets me excited every day for work.

Sebastian Sinisterra-Woods: We were serving a hotel operator that was trying to expand in North America. They were starting from scratch, and I was able to get very close to the head of North America. I was there with him every single day in the room, and the relationship evolved very quickly. Within a matter of days, it went from, "McKinsey helped me with these things" to, "Hey, you're Sebastian; we're on the same side of the table. I want you in all my meetings. I want you to knock on my door as much as you want."

This client has since left, but we catch up every few months just to see how each other is doing. So it truly became a friendship. It wasn't just a professional arm's-length counseling relationship.

Angela Sinisterra-Woods: One experience that I found absolutely fascinating was my work with Generation. Generation is McKinsey's nonprofit that focuses on training and placing people into life-changing careers that might otherwise be inaccessible to them.

I was launching new cities and then running US operations across all of our US cities. I was making a difference in the lives of the Generation students who we were training and helping to get jobs and for the employers who would ultimately hire our students.

Sebastian Sinisterra-Woods: McKinsey teaches you to be very organized. We're not necessarily organized in our personal lives, to say the least, but we're good at making lists.

Angela Sinisterra-Woods: We have a whiteboard in the kitchen, if that tells you anything. The whiteboard has a list of things that we need to do for the house with little checkboxes, and it has an owner assigned. Is that Sebastian's responsibility or Angela's responsibility?

Is our project management perfect? No, things don't get done in as timely a manner as they would for work, but at least we know what we're supposed to be doing.

Sebastian Sinisterra-Woods: I think it just turns into a tracking mechanism for all the stuff that we haven't done.

John Parsons is a senior partner in McKinsey's Calgary office. **Angela Sinisterra-Woods** is an associate partner in the Miami office, where **Sebastian Sinisterra-Woods** is also an associate partner. **Brooke Weddle** is a partner in the Washington, DC, office. **Roberta Fusaro** is an editorial director in the Waltham, Massachusetts, office, and **Lucia Rahilly** is global editorial director and deputy publisher of McKinsey Global Publishing and is based in the New York office.

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