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Social capital and political bias in knowledge sharing: An exploratory study

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ABSTRACT

The benefits of social capital for the sharing of knowledge are frequently emphasized in the literature. However, a few authors have also begun to draw our attention towards the drawbacks of social capital for the working of organizations. In particular, instrumental social capital – as opposed to consummatory social capital – is seen as linked to power relations, which can inhibit the sharing of knowledge. To contribute to this debate on the role of social capital, we carried out a qualitative study in two Belgian companies. Our findings reveal that social capital generally tends to enhance the sharing of knowledge but that in its instrumental form it reflects opportunistic and political objectives, and promotes a highly selective form of knowledge sharing.

KEYWORDS case studies ▪ informal networking ▪ knowledge sharing ▪ politicking ▪ social capital

Introduction

The focus of this article is on the influence that social capital exerts on knowledge sharing within organizations. The need to address this influence has been highlighted in recent studies (Argote & Ingram, 2000; Szulanski, 2000) which suggest that knowledge sharing activity is central to unlocking the potential performance benefits of knowledge (Teece et al., 1997). Social capital – defined here simply as the 'goodwill engendered by relationships among people in groups' (Adler & Kwon, 2002) – is seen as exerting an important influence upon such knowledge sharing (Coleman, 1988; Nahapiet & Ghoshal, 1998).

Most of the existing literature in this area suggests that social capital has a benign effect upon knowledge sharing within organizations (Burt, 1997; Kostava & Roth, 2003; Nahapiet & Ghoshal, 1998; Tsai, 2000). Nahapiet and Ghoshal, for example, argue that 'social capital facilitates the development of intellectual capital by affecting the conditions necessary for exchange and combination (i.e. of knowledge) to occur' (1998: 247). More recent studies, however, have suggested that social capital may also exert a negative and even pernicious influence (Adler & Kwon, 2002). Edelman et al.'s (2004) empirical study found instances where 'social capital can impede the value creation process by leading to aborted exploration processes, the exclusion of new knowledge, and built in disincentives for adopting new innovations' (p. S68).

In this article, we draw upon the analysis of material from qualitative research conducted within two organizations in Belgium to explore this topic. In our study, we adopt the view that social capital is a multifaceted phenomenon with differing, and even contradictory influences, on knowledge sharing. In this way we seek to build on the critical review article of Adler and Kwon (2002) which provided an initial prospectus for accounts of the interconnectivity between social capital, power and knowledge flows. The contribution of our article is in further unpacking this interconnectivity to highlight the potentially negative effect of power and organizational politics on the role that social capital plays in knowledge sharing. We argue that the role of power in the relationship between social capital and knowledge sharing is underexplored in the existing literature. Furthermore, the effects of power are diverse, making it a highly complex factor in knowledge sharing.

The article is structured as follows. We begin by outlining existing views of social capital, and subsequently outline their implications for knowledge sharing activities. This involves addressing the different processes through which formations of social capital influence such knowledge sharing, including political processes. Then the research method and the findings of two case studies are presented, with the following section outlining and discussing the findings. We conclude with a discussion on the role of social capital and politicking behaviour in relation to knowledge sharing.

Views of social capital

Previous work has identified a number of different dimensions of social capital. For example, Nahapiet and Ghoshal identify three dimensions of social capital (cf. Coleman, 1988 and Burt, 1997), that is, the structural dimension (organization structure and network configuration), the cognitive dimension (shared codes, language and narratives), and the relational dimension (trust, norms, obligations and identification). In developing an account of social capital's implications for knowledge sharing, however, we focus on those formulations of the concept that are relevant and useful to our study. In particular, we selected an analytical framework that encompasses both the positive and negative implications of social capital. In this respect, the approach developed by Portes (1998) identifies two distinctive strands in previous studies of social capital which he terms the 'instrumental' and the 'consummatory' views (cf. Tsai, 2000). The instrumental view (e.g. Adler & Kwon, 2002; Smith, 1999) sees the establishment of social capital as based on reciprocal relationships, while the consummatory view (e.g. Coleman, 1988; Leana & Van Buren, 1999) sees social capital as the result of the development of social norms and identification with a group. According to this analysis then, the instrumental view includes the 'social network' and 'structural' aspects of social capital. The consummatory view sees social capital more as an emerging phenomenon that is created through a socialization process of members in a group. This comsummatory view emphasizes that social capital is a collective attribute characterized by goal congruence, shared norms and trust (Kostava & Roth, 2003; Leana & Van Buren, 1999). An important feature of Portes's account, moreover, is a recognition that these different views represent important and frequently co-existing aspects of social capital. In the following empirical account, therefore, we have adopted Portes's (1998) approach as the basis for analysing different manifestations of social capital in our case studies.

Social capital and knowledge sharing

The differing views outlined above highlight different processes through which social capital may influence knowledge sharing. The consummatory view emphasizes the beneficial effect of a context of 'shared norms' and 'trust'; while the instrumental view focuses on the beneficial effect of ties created among people in organizations for knowledge sharing. In this sense, social capital represents an overarching concept capable of capturing different aspects of the socialized nature of knowledge sharing, encompassing both the social connections of individuals which generate knowledge sharing capacity, and the collectivized nature of the phenomenon, that is, the social context in which knowledge sharing is embedded.

In the consummatory view, the perceived benefits of social capital developed within organizations are the greater commitment of employees to organizational goals, greater willingness to be flexible in the job, development of shared codes, language, narratives, norms and values, social identification, trust, higher levels of cooperation, and more efficient cooperation (Kostava & Roth, 2003; Leana & Van Buren, 1999; Nahapiet & Ghoshal, 1998; Tsai, 2000). In this account, the mechanisms through which social capital leverages knowledge sharing are numerous. For example, the norms and values embedded in social capital are seen as creating openness, motivation and willingness to engage in knowledge exchange (Nahapiet & Ghoshal, 1998). Trustworthiness and mutual understanding constitute the basis for higher approachability and improved communication, and therefore for more intensive knowledge sharing (Andrews & Delahaye, 2000; Coleman, 1988; Empson, 2001; Husted & Michailova, 2002; McEvily et al., 2003; Newell & Swan, 2000). Moreover, greater commitment to organizational goals is seen as stimulating the sharing of knowledge that helps in achieving these goals (Leana & Van Buren, 1999). In turn, the mutual understanding amongst network members advances the sharing of more complex forms of knowledge (Gargiulo & Benassi, 2000; Hansen, 1999; Nahapiet & Ghoshal, 1998). In summary then, we can state that consummatory social capital encompasses shared values, trust and organizational commitment, which are conditions for knowledge sharing (Kale et al., 2000; Newell & Swan, 2000; Tsai, 2000). For the purposes of our empirical study, this view sensitizes us to the positive effects of the consummatory aspect of social capital. We would anticipate that organizations where the consummatory aspect of social capital predominates will experience a leveraging effect of social capital on knowledge sharing.

In contrast to the above, the instrumental view highlights the benefits for individuals based on the position that these individuals have in the network and especially the access that this gives to resources (Gargiulo & Benassi, 2000; Kostava & Roth, 2003; Nahapiet & Ghoshal, 1998; Tsai, 2000). Network ties create inter-unit linkages for knowledge sharing (Tsai, 2000). Hence, more knowledge will be shared because of the existence of these networks, which bridge units and people in organizations (Gargiulo & Benassi, 2000; Tsai, 2000). In the instrumental view, attention is also paid to the development of understanding and common knowledge through the interaction among the network members (Hansen, 1999). This is seen as further facilitating knowledge sharing.

While the instrumental view thus highlights some broadly positive implications of social capital for knowledge sharing, it also draws attention to mechanisms which may have more ambivalent or negative effects. In particular, to focus on the network ties between individuals is to highlight the potential effects of politics and politicking as a mediating factor in the role of social capital (Brass & Burkhardt, 1993). As Stevenson and Greenberg (2000) put it: ‘some actors are enabled by their network position, and others are constrained' (p. 652). Thus information and resources may flow more readily to centrally located members, and they are more likely to be involved in decision-making (Galaskiewicz, 1985). Given these political effects, therefore, we postulate that in organizations where the instrumental expression of social capital predominates, the impact of social ties on knowledge-sharing is likely to be ambivalent, with uncertain benefits for organizations and greater selectivity and bias in knowledge sharing.

Figure 1 illustrates the mechanisms through which social capital influences knowledge sharing according to the two views. The power aspect, typically for the instrumental view and resulting in selective knowledge sharing, will be further explored.

The role of power in organizations is often viewed normatively as a negative or distorting force (Mintzberg, 1989). These critiques are particularly applied to the overt politicking behaviour associated with attempts to secure privileged access to decision-making and resources, or achieve control over others (French & Raven, 1959; Kipnis et al., 1980; Pfeffer, 1981).

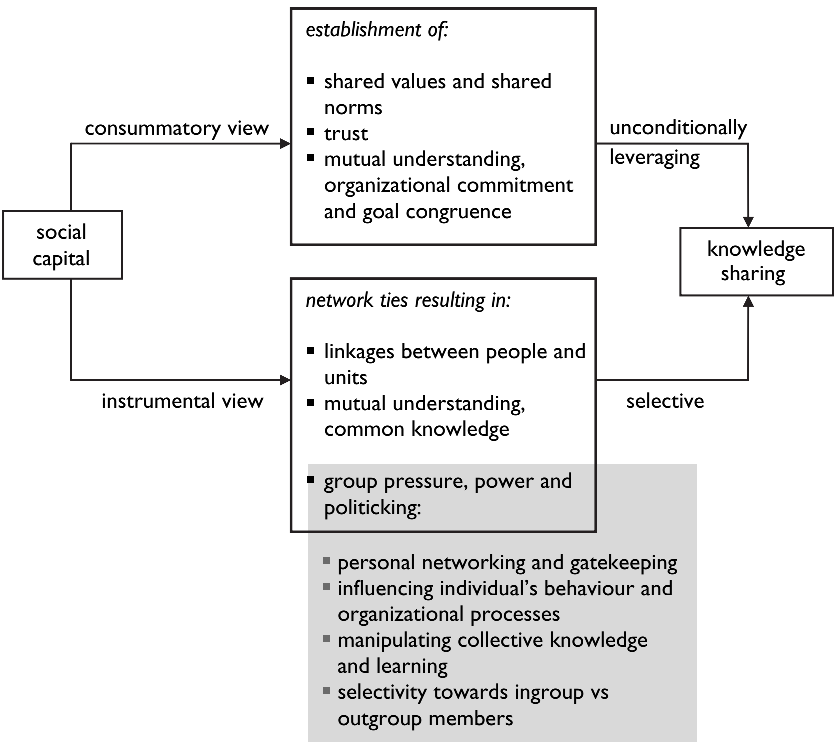

Figure 1 The relationship between social capital and knowledge sharing

However, more recent studies also acknowledge that power is multi-faceted in nature (e.g. Hardy, 1996) and may have equally productive effects in relation to change and learning. Lawrence et al. (2005), for instance, make a distinction between two kinds of power. 'Systemic power' is embedded in the social systems and daily routine practices of the organization. It influences organization learning through the institutionalization of new ideas and by forming a basis for intuitions and developing new insights. 'Episodic power' is about the use of tactics by individual actors. It influences learning through influencing others' thinking, and restricting the range of actions considered in organizational decision-making.

The productive forms of power associated with social capital are emphasized by Burt (1997) and Kostova and Roth (2003). These authors accept that social capital is a source of power, influence and control especially for managers with a strong position in the social network, so called 'gatekeepers'. However, they argue that social capital gives greater value to such managers' knowledge and leads to greater sharing of knowledge. In fact, it is possible to argue that the social capital of key network players mobilizes knowledge in organizations, which would not be possible purely through formal relationships. Hence, although gatekeepers may establish their networks for personal interest, such networks can become a public asset when a group of people or a unit in an organization can tap the resources made available through this network (Kostava & Roth, 2003). Thus, through boundary spanning key people can bridge different social networks (Adler & Kwon, 2002; Burt, 1997; Kostava & Roth, 2003). By this means, power relations may exert a positive effect on knowledge sharing between independent units and networks. In more inter-dependent units and networks, however, the boundary spanners can also form a bottleneck to the knowledge flows between the units and increase the risks associated with high interdependency. Thus, a positive effect of social capital on knowledge sharing is observed in organizations where the instrumental aspect of social capital predominates insofar as powerful network members can bridge different social networks that would otherwise not be connected.

However, power may also affect organizational processes negatively through the exercise of influence by network members. Organizational processes that are recognized as being impeded by power are organizational learning, change, innovation and knowledge sharing (Krackhardt, 1990; Pfeffer, 1981, 1992). Through using power, people influence others to share or to withhold from sharing their knowledge (Edelman et al., 2004). Thus, powerful people can exert power over the knowledge of others by forcing these others to use their knowledge for a certain aim or for revealing their knowledge to the powerful. Furthermore, power is used to manipulate knowledge sharing to change the dominant forms of knowledge in the organization and to impose one's knowledge on others, for example in the development of new routines (Lawrence et al., 2005). It follows from this that even where the knowledge flow within the network and between networks through key people is extensive, it may also be inefficient or ineffective in the light of the organizational goals. This is because knowledge sharing activities are manipulated towards personal and not organizational objectives (Adler & Kwon, 2002).

The relationship between power and knowledge is thus twofold – knowledge being both an antecedent and an effect of power (Townley, 1993). Knowledge is an instrument used for political tactics and a determinant of people's position in the social structure (French & Raven, 1959; Pfeffer, 1981). People acquire power by dint of their position in the network and protect their position by protecting or hoarding their expertise and knowledge (Pettigrew, 1973). Asymmetric power relationships can result in the abuse of power and politicking behaviour (Mintzberg, 1989). Furthermore, people also gain power by their knowledge of the relative positions in the network and the power relationships within the organization (Krackhardt, 1990), and by the perception of one's power by others (Fiol et al., 2001). Thus, the network aspect of social capital, as highlighted by the instrumental view, is a source of power and politicking behaviour because it is both the medium and outcome of individuals' (unequal) positions in the organization. These power effects, then, associated with social capital may arguably produce a selective effect on knowledge sharing in the organization.

It is possible to see the political manifestations of social capital as being mitigated by trust relations. Kale et al. (2000), for example, claim that the component of trust in social capital will negate the risk of power abuse by individuals in the network. In contrast, however, Adler (2001) explains that the existence of trust might encourage people to use power because the presence of trust often makes such behaviour more profitable. Organizations with high levels of trust and a character of 'familiarity' are poorly armed (i.e. lacking other control mechanisms) to stand up against people trying to take advantage of the organization. Whether the first or second argument on the mediating effect of trust is valid may depend in large part on the extent to which the consummatory versus the instrumental aspects in social capital predominate. In the consummatory view, the collective nature of social capital largely overrides individual politicking actions.

These ambivalent effects of power are also described in the organizational learning literature. Blackler and McDonald (2000), for instance, reveal the inseparability of power, expertise and collective learning. Power is recognized as a natural characteristic of – or even a necessary condition for – learning processes (Coopey & Burgoyne, 2000; Vince, 2001). Power is thus not only considered as a destructive characteristic of organizations but as a factor that influences learning in positive and negative ways (Lawrence et al., 2005; Vince, 2001). Coopey and Burgoyne (2000) state that politicking can result in an open climate providing a space in which people are able to speak out instead of censoring individuals' actions and knowledge sharing. This 'free political activity' allows open conflicts that are a source for change and learning. Hence, politicking may equally lead to greater freedom of speech or greater censorship, and consequently more or less knowledge sharing. This tends to reinforce the view that social capital's positive or negative effect on knowledge sharing depends empirically on the relative expression of its consummatory or instrumental aspects within particular organizational contexts. Vince (2001), for instance, found evidence for the negative aspect – finding that power influenced organizational change, creating distrust and defensive behaviour.

It follows from the above that the power relations associated with social capital can both impede or stimulate knowledge sharing and hence may influence the emergence of dominant forms of knowledge. The influence attempts of the powerful people will cause a selective knowledge sharing process. Furthermore, selectivity is also caused by limiting the freedom of network members. Membership in a network strongly influences the behaviour of the network members. The network thus exercises collective power on its members. Networking reduces the flexibility for people to behave independently and imposes social obligations (Burt, 1992; Gargiulo & Benassi, 2000; Hansen, 1999). The network, especially a dense network as created through social capital, shelters its members from other influences and knowledge and can even keep the members in a kind of social 'prison' (Portes, 1998). The in-group is strongly favoured in knowledge sharing and external knowledge may be considered as invalid and unreliable (Adler & Kwon, 2002). Social capital thus hinders intrapreneurship, imposes non-reciprocal obligations and may be limited to a subgroup of the organization making people favour the subgroup goals over the goals of the larger organization (Adler & Kwon, 2002; Locke, 1999). Hence, the power effects around social capital are also found in the inclusion and exclusion of groups from the knowledge sharing process. This leads to the view, further explored in our empirical study, that organizations where the instrumental aspect of social capital predominates will experience a positive effect of social capital on the intensity of knowledge sharing *within* networks and a negative effect of social capital on the intensity of knowledge sharing *between* networks.

Finally, when knowledge sharing is selective, it is unclear whether this selective knowledge sharing still generates a net benefit for organizations. Such sharing as takes place is likely to be biased towards or against different groups. Managers have only a limited impact on this selectivity because the development of politicking within social capital is not under the control of management or in line with organizational goals (Adler & Kwon, 2002; Gargiulo & Benassi, 2000; Knight & McCabe, 1998) and because politicking is aimed at achieving personal interests deviating from the organizational interests (Pfeffer, 1997). In fact, social capital has been described as very difficult to manage (Prusak & Cohen, 2001) and, this arguably applies equally to the effects of social capital on knowledge sharing.

Empirical study

The empirical part of our study consists of a qualitative study of two case companies. As noted below, we adopted this research approach with a view to exploring and expanding theory (Eisenhardt, 1989; Yin, 1994). The existing literature provides many insights, some contradictory, on the implications of social capital for knowledge sharing, but as yet there are few empirical studies. In this context, we opted for a comparative analysis of two cases that would allow us to increase validity and also to take some account of context dependency (Leonard-Barton, 1990; Stoecker, 1991; Yin, 1994). The two case companies are large European companies with headquarters in Belgium but with foreign divisions in Europe, and are active in the financial service and energy supply sectors respectively. The cases are labelled here as Finco and Enerco.[1] The cases have been selected according to our research objectives. We sought firms characterized by large size, relative age and a high degree of formalization. In such settings we believed that we would find established formations of both social capital and political relations, but at the same time, the levels of organizational complexity that would necessitate significant efforts in knowledge sharing.

The historical context for both companies was also relevant to our aims. Both firms had embarked on major restructuring programs about five years previously. In Finco, this was caused by a merger; while in Enerco changed market conditions caused the restructuring. The last phases of the restructuring were being executed at the time of data collection. These restructuring phases created discontinuity, which we believed might further expose the impact of politics and social capital. Thus, the cases were selected because we expected high observability of the phenomena under study linked to between case heterogeneity by selecting two totally different sectors (Pettigrew, 1990). Moreover, as our unit of analysis, we focused on cooperative episodes between units. These episodes were identified by case respondents who were asked to give some examples of cooperation with other organizational units, and to elaborate on how this cooperation took place. The cooperative episodes were of all kinds, ranging from very routine cooperative episodes to exceptional projects. We studied the influences of social capital and politicking on knowledge sharing in these cooperative episodes.

In focusing on the study of a number of cooperative episodes, we recognized the difficulties in attempting to validate or quantify knowledge sharing activities. Such activities are not always readily apparent even to the individuals involved. Distinct cooperative episodes afforded a means of grounding our study in practical and observable instances of such sharing (Argote & Ingram, 2000). Data on these episodes were collected by a variety of means including semi-structured interviews and open questions in a questionnaire. We also collected company documents in the two case studies to obtain background information on the evolution of the organization, financial results, take-overs, products and internal structure. The collected documents were public information available on websites, annual reports, brochures, marketing folders and press articles, and private information consisting of internal notes and intranets. Although the documents were mainly background information, they provided additional evidence, for example, as confirmation of the existence of written systems and procedures or of codified and stored knowledge (Yin, 1994). However, interviews were an important source of data in our research and are in general the most important data sources in case study research (Yin, 1994). There were open-ended interviews with our key informants and semi-structured focused interviews.

The respondents at Finco were selected stepwise. First, the units that could be included in the study were selected with the help of our contact person and the directors of the departments. Next the units' heads, cooperative episodes and employees involved in the cooperative episodes were identified. Examples of cooperative episodes are: work planning, budgeting planning, developing a marketing campaign, developing new procedures, handling exceptional and routine requests of customers, IT development projects, writing internal courses and many others; hence, a very broad range of kinds of cooperative episodes occurring in the company. We interviewed 20 unit heads on the processes in 32 cooperative episodes. Depending on the size and importance of the units, the respondent managers were on senior, middle or junior management level. In Enerco, we focused on inter-unit cooperative episodes as well but such cooperative episodes involved more teamwork with team members of several units. Hence, in addition to the many meetings with our three contact employees in the company, we interviewed three senior managers and two middle managers. This material was added to data based on open questions. We asked respondents to comment on the inter-unit cooperative episodes in general, the sharing and retention of knowledge within the team, the sharing of knowledge between units and the sharing of knowledge among peers in different units of the organization. These questions were part of a larger questionnaire with closed questions as well on other knowledge sharing issues. A total of 108 respondents, at the level of senior, middle and lower management and team leaders (senior non-manager employees), answered the open questions. The nature of the cooperative episodes varied widely, and space prevents us providing all the details here. However, some fairly typical examples of the episodes involved, included cooperation between units on the control of production machinery, maintenance issues to do with installation, the installation of new machinery in particular sites, and the joint development of new procedures.

Knowledge sharing and social capital were explored within the two case settings by posing questions on, for example, the way explicit and implicit knowledge was shared, with whom and how frequently; the networks that existed (formally and informally); the existence of trust in the cooperative episodes and in the networks; and the existence of shared values, goal congruence and identification with the organization, units or networks. As explained in the theoretical part of the article, there are two main views on social capital, consummatory and instrumental, based on different underlying dimensions. The two are recognizable empirically by the different outcomes and mechanisms that influence knowledge sharing. The relative presence of these different aspects of social capital was thus determined by the preponderance of its associated mechanisms and outcomes – an approach which does not preclude the influence of other factors (e.g. the role of competence in relation to the development of trust) but which does allow us to identify in broad terms the patterned relationships between knowledge sharing and social capital which were the focus of our study. Although this approach made us highly dependent on our respondents' perceptions, we adopted a variety of measures to increase the rigour of our analysis. Data were fully transcribed and analysed using a coding scheme that was developed from the literature review. Based on the guidelines provided by Eisenhardt (1989), Miles and Huberman (1994) and Yin (1994), we sought for patterns in our data, namely between the two cases and within each case for the different cooperative episodes studied. After data collection and analysis in each case company, we produced an extensive report with our findings which was reviewed and discussed with the contact persons in the companies. Their reactions and comments provided further insights into the context of certain findings (Miles & Huberman, 1994) and were an additional validity check for our findings (Stoecker, 1991).

Social capital and intra-unit knowledge sharing

Finco was active in the financial sector, namely retail and corporate banking and insurance. It had activities and units that were strongly integrated and centralized. Due to its size, the organization was relatively centralized and bureaucratic. Finco is rather a traditional player within its sector. We included respondents from different parts of the organization all working in units and on regular activities that can be found in any bank company. A merger had resulted in a major internal restructuring. At headquarters some units disappeared, others were integrated, split up or reoriented. Many employees had to change functions and location. Some units were still in a transition process caused by the merger of five years previously.

The level of social capital as reflected in shared values and organizational commitment was rather low. People in the different units did not feel bound by social capital as reflected in the consummatory view. There were many indications in our research materials that views, values and norms varied amongst different groups. Several conflicts between units originated from this lack of consummatory social capital. There were, for instance, conflicts between the departments of communication and marketing; between these departments and different product departments; and between the customer-oriented departments and the production-oriented departments. One head of a production development unit gave us the following reaction to a cooperative episode on the development of a product marketing strategy: 'We throw away the ideas of others because we think we know it better. The communication managers are totally different, they are from another world'. And yet another middle manager said that 'There are clearly different mental models between department X and Y, because one thinks from the customer side while the other one thinks from the production side'. The head of one of the external communication units commented as follows about the need for close cooperation with another unit: 'I spend two hours on the phone with the head of the other unit to convince her that we have common responsibilities'. Overcoming different values, norms, languages, etc., to be able to cooperate was an important concern for all the units in our study.

Trust, as another symptom of social capital, was considered in general to be high, especially among the unit heads. However, it was mentioned a few times that trust was essentially a question of proving one's competences.

A unit, which had some problems and was heavily criticized by other units, developed distrust towards those other units. This was illustrated in a cooperative episode between two communication departments that focused on carrying out an internal mailing. A kind of distrust and even fear of criticism by other units were also strongly present during the data collection interviews. This kind of distrust and fear did not result in open conflict but in the hoarding of knowledge and information, – for example, knowledge on the quality of external printing companies.

Illustrations of the instrumental view of social capital were clearly present. Social networks at Finco were used for collecting information and knowledge, which was in turn used for improving one's job but also for influencing others. The head of the internal training department stated: 'In our company, you are not informed like that; you have to develop your own network, which is also necessary to do your job'. Formal systems only established communication where strictly necessary. When the national payments units cooperated to modify the money transfer system, for instance, the more instrumental aspect of social capital came to the fore in the acquisition of crucial knowledge on, for instance, the unexpected effects of minor changes in the system, from different units. This was knowledge that could not have been obtained through the inflexible formal knowledge transfer mechanisms in the organization. Another typical example of cooperation involved juridical advising units and loan product development units sharing knowledge on the existence and interpretation of new laws. Three department heads also made comments along the lines of: 'It is necessary to check informally first before starting the formal process'. The inflexibility and large extent of paperwork and rules to be followed when formally starting a new initiative required that employees informally asked around for support and cooperation for a new initiative instead of starting a possibly futile and lengthy decision-making process.

The goal discrepancy between the units also aggravated politicking behaviour. There were several examples of units pushing their goals too far to the detriment of other units. Among some cooperating units, there was a grey area where the division of labour was unclear, which resulted in conflicts and in distrust: 'With unit z, the responsibilities are not clearly separated. We are in each other's territory. There is thus shared responsibility but each one wants to pull it to themselves and some feel threatened by these kind of cooperative episodes' (head of one of the external communication units). In some projects, the goals of the cooperating units were actually contradictory. Time could have been saved for instance in the development stages resulting in good efficiency figures for the developing unit, but this would have meant more programming time needed, which would have lowered efficiency and produced delays in the programming phase. Such problems could have been avoided if units were judged on performance over the whole project but that was not always the case. Responsibility for the whole project and the final outcome was highly diffused. Respondents observed: ‘Role definitions are used as a weapon’ and ‘sometimes people abuse their role to avoid certain tasks. There is little sense of responsibility for the whole’ (middle managers in product departments). When different units of the loan department cooperated on developing rules for granting loans, for instance, knowledge was only shared sporadically depending on whether such changes fitted unit priorities. There was a widespread perception that people protected themselves through the (ab)use of systems and in particular role descriptions. ‘Individuals hoard their knowledge to avoid having to change their way of working and to avoid admitting mistakes or inefficiencies’ (senior manager IT). All these problems illustrated the lack of consummatory social capital, whose symptoms were low levels of knowledge sharing, and such sharing being squeezed by the demands of contradictory unit objectives.

Informal networking was also used to get support for one’s own project. In such situations, selectivity in knowledge sharing came to the fore. One of our respondents in a production-oriented department gave as an example his efforts to determine which kind of standardization and automatization projects would be accepted. Although he had no formal power to make these IT-related decisions, employees in cooperating IT-related units considered him to be a powerful person due to his network. The respondent declared that he had used his power to filter knowledge (such as knowledge on project benefits, predictions on the future of operational processes in the financial sector and the future of the service sector) in such a way that his objectives were met. Different respondents emphasized that the success of a new project depended heavily on the extent to which key employees were consulted – this applied even when the project procedure itself did not require such consultation. This was summarized by the head of one of the HR departments as follows: ‘You cannot invite everybody to the meetings so you have to find a balance in this and especially invite the “important ones” or the experts.’ In a cooperative episode between department heads using a new HR tool and the unit developing the tool, knowledge on existing problems and the potential benefits and features of the new tool was informally disseminated so as to create goodwill for the project but not to involve end-users in a bottom-up design process.

Overall then, employees with high levels of access to social capital were able to obtain power and possessed great agency within the organization. The phrase: ‘People using the informal channels get more done’ was frequently mentioned by respondents. It was also frequently mentioned that it was important to have the 'right' people in the project team, meaning that the 'right' people were the ones who needed to be convinced and who were able to convince others. Those employees were informal boundary spanners between units. One of our respondents was known as a boundary spanner with a lot of power. However, his influence attempts also caused conflict in the pursuit of the different goals of the units. The boundary spanners and powerful employees who used the informal network for influencing activity also shared knowledge through the network. However, it seemed that this was only knowledge that served or did not endanger their own objectives. In fact, these respondents tended to equate knowledge sharing via networks with the pursuit of their own sectional interests. This involved the acquisition of sensitive knowledge for decision-making, such as knowledge on strategic priorities of the organization, or the benefits and drawbacks of certain systems and projects. In summary, boundary spanners were important at Finco and effectively mobilized knowledge. However, these effects were accompanied by significant conflicts arising from the way in which they exercised power.

Furthermore, some units or employees depended heavily on another's resources but lacked the formal authority or power to ensure that the other unit delivered resources on time. Therefore, informal power and influencing were used to obtain those resources and to compete with other units who were also dependent on the same scarce resources of a particular unit. The following quote illustrated this: 'The problem is that they have a coordinating role but no real power. This means that they cannot force the other units to deliver something on time. They have to ask and to convince. As a result, it is important that they are good in convincing others' (head of one of the communication departments). Finally, power was also used to compete for scarce resources in the organization, such as budgets for innovation and change projects. It was important for each unit to prove its role and competences in the organization in the competition for these scarce resources. Interviewees (middle managers in IT, HR and communication departments) stated: 'It is a matter of proving to the other units that we are good'; ' . . . you have to make sure that you are an expert yourself. Internal marketing is very important in such large organization, you have to sell yourself somewhat' and 'You have to prove that you have more expertise'. In particular, staff in one computing unit commented that they shared their knowledge on the newest databases, SAS-systems and mailing applications with communication and marketing departments and other end-user computing departments primarily to show their expertise but certainly not to share their experiences to help their users learn. They claimed that there was no time and no incentive for the latter kind of knowledge sharing.

In short, knowledge was a source of power and the organization's tasks and structure a trigger for using this power in inter-unit influence. Thus, there were strong indications that power was based on the informal networks associated with social capital.

It would be a mistake, however, to simply characterize this organization as a whole as highly politicized. The importance and salience of power and its association with social networks varied significantly across the firm. The creation of this instrumental social capital happened through personal skills, job rotation and training. Training was very important as a source of this social capital because for many employees it was the only possibility to socialize with others outside their own department and formal structure. Hence, managers at Finco could have stimulated the development of social capital through these training initiatives. Furthermore, some employees were rather good at networking while others limited themselves to the formal systems. One middle manager in a system development department stated that: 'Some people feel threatened, while others can utilize their creativity. But it is always the same ones who can get things done and the same who do not get things done'. Less powerful individuals saw the power of informal networks as a threat because they realized that members of such networks might get things done at their expense. There was a view amongst some respondents that less powerful individuals tended to hold back from knowledge sharing through informal networking.

Organization members, and especially managers, were certainly aware of the boundary spanners' power to influence activities, often using their expertise as a source of power. Some believed it to be a normal way of working in an organization of this size and activities; while others felt that any kind of informal influencing should be avoided. Their principal concern with informal networking was that such networks could disturb the formal channels and processes of the organization. This was illustrated in the following comments: 'Everything is strongly formalized to avoid the uncertainty created by issues of trust and personal matters. At least that is what we try to attain' (head of one of the facility departments) and 'Formalization ensures that we work according to the official priorities instead of the kind of bargaining and lobbying, where each time the same people get all the work or promises are made that cannot be kept' (middle manager in a product department). In fact those managers argued strongly against the instrumental aspects of social capital which they saw as a cause of inefficiency in a well-structured formal organization.

Social capital aligned with formal networks at Enerco

Though a private sector company, Enerco had to confront free market competition only in the recent period. To prepare for this, major restructuring and reductions in number of employees (almost 4000 since 1990) had taken place. The restructuring was coming towards an end but reached a last critical moment in the first two months of 2003 when negotiations with the last groups of employees who needed to change functions resulted in a major dispute. Furthermore, part of the production was reorganized some years ago into two divisions. As a consequence many employees had to change locations or functions and had to learn new skills. Respondents commented: 'We are going through a cultural shock, the changes are coming too fast' (employee in a maintenance team) and 'Things are moving but not that well. The structure is nice theoretically but there are many handicaps in it' (asset manager in a production unit).

The scale of change was not beneficial for the development of the consummatory aspects of social capital. Many employees had to change their ways of working, and the competition from new energy suppliers had also reduced confidence in the future and in job security. Distrust existed especially among lower levels in the company and amongst top headquarters decision-makers. Frustration was reflected in several of the employees' comments, as follows: 'What is achieved in practice? According to me hardly anything'; 'It would be very useful if there could be some results' and 'They [top management] use concepts like competence mapping, know-how, engagement, ownership, trust and many others without really implementing any of these'. Employees on lower levels had the feeling that their opinion was not heard in all the changes and they even had doubts on the competences of management. There was also distrust due to lack of reciprocity. In cooperative episodes between different production plants, in which workers were exchanged when capacity problems occurred in one of the units, we observed feelings of low collegiality and distrust: 'It looks like that people who are willing to work with team spirit get a higher work load compared to the other people' (middle manager in a production plant). In such cooperative episode (in which maintenance activities were coordinated and workers were exchanged), know-how on the working and maintenance of specific machinery could have been shared, but the respondent mentioned the low willingness of other units to engage in these kinds of cooperative episodes and sharing. The formation of any kind of social capital was difficult in an organization with such low levels of trust.

Although recent trends towards intensive teamwork had forced employees to cooperate more, resulting in the development of more shared values, there were still significant differences in values. In addition, the different geographical locations created extra boundaries. This was further enhanced by the differences between the French and Dutch speaking part (a common feature in Belgian organizations) and the different views and norms of the production plants. It reduced goal congruence in Enerco, especially between different hierarchical layers and between business units and clusters. Thus, while the post-restructuring creation of consummatory social capital was stimulated by an increase in team work, the overall level was still very low.

Like the Finco case study, reflections of the development of social capital were mainly to be found in social networking, especially at the higher management levels. Employees on the operational levels had fewer opportunities to build networks. However, informal networking was less important at Enerco than at Finco. Employees felt that the existence of large numbers of 'formal' groups such as project groups and operational teams, made the use of informal networks largely obsolete. Project work was very important and very commonly used at Enerco. Respondents commented: 'There is much more team work now, among others because of the new organization structure and the reduction in resources. Almost everybody now has to work in teams' (senior quality manager) and 'We cannot afford anymore to have all the expertise at our site – we have to work in networks' (maintenance manager in a production unit). In short, people felt that there was little further need for informal networking and there was also not really a culture of informal networking.

Nonetheless, social capital in the form of informal networking did exist and we did observe an impact on knowledge sharing. There were small groups of employees working on the same issues. These included, for instance, cooperation on the retention of departing employees' expertise, and on improving health and safety issues in different business units. In these kinds of networks, there were many opportunities for sharing day-to-day experiences. For instance, on health and safety issues, only major incidents were formally recorded and reported, but many smaller day-to-day experiences held important lessons for improving safety in all plants. The health and safety specialists had ad hoc meetings on such issues and had frequent phone and e-mail contacts. No formal reports resulted, however, and establishing the network was an initiative of one of the members of the small network. Those informal networks were voluntary and based on relationships that developed within the organization and that survived the restructuring. Social capital was often developed through job rotations in many different locations resulting in a network of friends all over the company. This was for instance the case for our contact persons in the company. The informal networks were quite handy to contact a unit with which there was no official cooperation and to obtain knowledge to solve a practical problem in one's own unit. The latter occurred, for instance, when one respondent faced a problem of measuring environmental effects with a specific instrument that was fairly unique in the company. Through his informal network, the respondent was able to find one other such instrument and the technician who maintained that instrument in another plant of the company. Our respondent was able to solve a major one-year-old problem through the use of this technician's expertise. Formal channels were little use in solving this problem. We thus saw that in this and other episodes informal networking was used for productive knowledge sharing.

However, the organization itself and the networks were not free of politicking and power use. Several respondents used words like 'opportunistic behaviour', 'power games' and especially 'pal politics' to indicate the way of working in the organization. These remarks were applied to all kinds of cooperative episodes, ranging from audit and benchmarking projects, projects on planning and optimizing the capacity of the machinery, cooperation between procurement and the maintenance unit on buying material, or daily meetings between the operations teams in the plants and responsible for the plants' assets. The use of politics to advance personal careers was very common. Networks were often composed of ambitious people using power for their own careers. Hence, on the one hand they build networks for knowledge sharing, but on the other hand such overt politicking tended to prevent knowledge sharing, even within the particular network. Ambitious people displayed their knowledge in informal networks to stress their own expertise but not to share knowledge or to improve the working of the organization. This was emphasized by the fact that in the networks formed by employees from different plants with a similar function or expertise, for example, health and safety, or quality, many ideas were generated but few got really implemented.

Furthermore, like Finco, the lack of shared goals could become a power source for certain individuals and groups. Employees commented: 'They should motivate people to defend the common goals of the organization instead of the goals of their small unit' (team leader in a production plant) and 'Cooperation, openness and a sense of critical thinking should be encouraged, instead of giving space to power games, opportunism, which are unfortunately still too prevalent in our organization' (middle manager in an audit department). However, this must not be overstated. Again, although this was not a highly politicized organization throughout, one had to be careful about what one said and to whom. People were thus very careful and cautious with knowledge sharing because of this overt political behaviour.

The company restructuring brought politicking and influencing behaviour used for personal benefits to the surface. This was also observable in some of the knowledge sharing initiatives that had recently started. Distrust, therefore, existed around those initiatives. A few employees mentioned that they felt these initiatives were there to highlight mistakes and shortcomings and not for helping or improving. This is reflected in the following comments: 'Meetings are used to pass on complaints instead of knowledge' (middle manager, purchase) and 'Feedback on project work is used for scapegoating and not to exchange knowledge' (middle manager, maintenance). Respondents also commented on knowledge sharing initiatives: 'They should actually do it in a manner that there is really knowledge shared, efficiently, not a paper system' (middle manager, maintenance); 'It is all not really put in place, there are mental changes required first' (employee in a production unit). A middle manager mentioned: 'It (the knowledge sharing) is approached pragmatically without swanky presentations or empty slogans. This is not the typical Enerco way' (middle manager, maintenance). Management in particular was accused of politicking. Operational staff and lower management levels accused management of simply spouting rhetoric endorsing more cooperation and knowledge sharing, while these initiatives were not actually taken seriously or were just paper initiatives. Finally, the knowledge management initiatives were also seen as being exploited to pursue sectional goals. The organization explicitly sought to work flexibly with lots of team work, knowledge sharing initiative and open cooperative episodes. Units or employees in new coordinating roles, to facilitate cooperation between other units, were distrusted in that role because it was seen as interference and not as helpful as it should have been: 'If some hot-headed people would be willing to cooperate instead of looking at people from other teams like they are intruders, it would be much nicer to cooperate' (employee in a production unit working on a project to modify existing installations in cooperation with the maintenance units). There was no evidence of gatekeepers leveraging knowledge sharing that we found in the cooperative episodes studied at Enerco.

Discussion on the impact of social capital on knowledge sharing

In both companies, social capital was present and was mainly reflected in networking relationships, instead of in the development of shared values and socialization. Thus, both cases reflected mainly the instrumental view of social capital. Consummatory social capital was less present in both cases. In fact, the lack of consummatory social capital seems to have limited knowledge sharing. This provides some evidence in support of the view outlined earlier that low levels of consummatory social capital are likely to be associated with low levels of knowledge sharing. Higher levels of social capital in the form of trust, shared norms and larger organizational commitment could have increased the willingness to share knowledge in Enerco. Some groups had the impression that they were providing knowledge and help to others, which was not reciprocated. In general, there seemed to be a tendency to look for scapegoats when a problem occurred. There was also a climate of personal competition. This constrained employees from sharing information and knowledge. There was little if any spontaneous sharing. Also at Finco, there was a problem of low attribution and identification with the organizational goals. For example, employees avoided certain tasks using the excuse that it was not part of their job. This sometimes led to inefficiency and inflexibility but it also reduced knowledge use and sharing. The knowledge stock of that person was not used when needed just because it was not in the job description and expertise was even hidden to avoid getting extra workload.

Furthermore, situations of distrust were found in both cases and resulted in a lower willingness to share knowledge. It also resulted in a lower willingness to accept and use knowledge from other units (Empson, 2001). Different mental models further influenced the level of trust. At Finco, competence-based trust was especially important in the willingness to share knowledge (Andrews & Delahaye, 2000). In Enerco, there was less of a problem around competence-based trust but more of a problem of distrust because of the restructuring that lowered trust in management.

Instrumental social capital resulted in higher levels of knowledge sharing, especially at Enerco. Here knowledge sharing served the pursuit of influence and personal benefits. At Finco, for example, informal networking filled the gaps created by the absence of formal networks or was a way to avoid the use of lengthy formal procedures (Mintzberg, 1989). However, this informal networking was opening doors to opportunism and power because networking employees achieved greater impact on the organization and on inter-unit cooperative episodes and knowledge sharing (Adler & Kwon, 2002).

In both companies, employees in liaison or boundary spanning roles and employees with strong informal networks were more powerful (Alvesson, 2001; Burt, 1992; Krackhardt, 1990). At Finco, power was especially used to push or to defend one's goals in the organization. The Finco case also illustrates that knowledge is important to build a strong position in the network (Pfeffer, 1992). In Enerco, social relationships were limited due to the extensive formal network structure. Networking was less used for influencing decision-making but more for achieving individual (career) benefits. Although there were several examples in both companies of successful knowledge sharing by influential people in the informal networks; there was only weak evidence that the boundary spanners improved knowledge sharing between networks. Knowledge sharing was selective because it had to fit personal or unit goals. However, here selective knowledge sharing was only a side-effect of the use of the network for other purposes. The cases indicated that informal networking was more widely used for influencing and politicking (Krackhardt, 1990) than for regular cooperative episodes or knowledge sharing. Furthermore, all units were judged in some way on their competences and competed for the organization's scarce resources. This echoes Tjosvold's (1990) suggestion that competitive goals lead to the destructive use of power, such as withholding resources of information and knowledge. In addition, powerful people in the network also caused conflicts, which motivated people to hoard their knowledge. Hence, there was no evidence that conflicts caused by overt politicking would encourage people to raise their dissident voices as suggested in the literature (Coopey & Burgoyne, 2000; Vince, 2001). Hence, we conclude that knowledge sharing was most likely to be selective when the instrumental aspect of social capital dominated because of the hoarding of knowledge to hide potential incompetence and to share knowledge only when necessary in achieving personal or unit goals.

There seems to have been more – although still selective – knowledge sharing within the network and among the network members. However, it seems on balance that people not involved in the network probably shared less knowledge. In Finco, some less powerful individuals felt threatened by the power use of the gatekeepers and, therefore, tended to hoard their knowledge. There was thus not a problem of unwillingness – or of social pressure – to share knowledge with employees outside the network. However, there was more of a problem to do with network outsiders not being willing to share with insiders because the former are concerned that their knowledge may be used for politicking. Hence, there is some evidence from our cases that more knowledge is shared within the network and less knowledge is shared between networks when the institutional aspects of social capital dominate. This is, however, not because of in-group bias – as suggested by the existing literature (Burt, 1992; Gargiulo & Benassi, 2000) – but rather because of the lack of trust between networks.

The Finco case gave some indications that the lack of consummatory social capital, in particular the absence of identification with organizational goals and shared values, enhanced possibilities for political behaviour. Thus when instrumental aspects of social capital predominate in the organization, there may be few limitations to using the network for influence and to share knowledge selectively so as to influence decision-making. On the other hand, the Enerco case showed us that the relative absence of consummatory social capital, and in particular trust, not only prevented the development of networking but also limited the usefulness of networking for opportunistic behaviour. Using social capital for influencing, such as through selective knowledge sharing, may only be possible when social capital is sufficiently well developed. This suggests that consummatory social capital may be a precondition for the effects which instrumental aspects of social capital have on knowledge sharing. These cases thus showed support for the argument of Adler (2001) on the importance of shared values and trust to be able to 'use' social networking for politicking reasons.

In summary, social capital in the form of informal networking did result in more knowledge sharing *within* networks, and, via boundary spanning, *between* networks. However, such knowledge sharing was both 'unintendedly' selective where it was a spill-over effect of networking and 'intendedly' selective where it was part of the influencing process. This highlights the ambivalent effect of instrumental social capital discussed earlier. Significantly, however, we found that exploiting informal networks through selective knowledge sharing for influencing still required the presence of shared values and trust – factors associated with the consummatory aspects of social capital.

The trade-off between the costs caused by inefficient behaviour due to politicking and the benefits of additional cooperation and knowledge sharing depends ultimately on several factors; the kind of information and knowledge that needs to be shared, the value for the organization of such sharing, the required intensity of sharing, and the need for socializing the values and norms of the organization to make employees behave in the 'right' way (Adler & Kwon, 2002). Although our data are too limited to evaluate this trade-off, in our cases the costs seem to outweigh the benefits because social capital did not play a major socialization role, and selective knowledge sharing behaviour predominated. Furthermore, Adler and Kwon (2002) warn us that the benefits of social capital, even consummatory social capital, are often over-emphasized. Organizations also incur costs due to the existence of consummatory social capital, such as slack resources to allow people to socialize, lower innovation due to strong fixed values and stability, and groupthinking (Piazza-Georgi, 2002; Prusak & Cohen, 2001). Consummatory social capital in organizations may thus result in inflexibility and problems of unlearning.

Furthermore, in our study we found that restructuring and change not only eliminated possibilities to develop both aspects of social capital but it also inhibited the more instrumental manifestations of social capital as a source of power because some forms of knowledge were rendered obsolete. Social capital was both destroyed and rebuilt (Gargiulo & Benassi, 2000). Power structures embedded in the informal networks were also changed. Gargiulo and Benassi (2000) and Leana and Van Buren (1999) argue that social capital can be broken down through restructuring and is not easily rebuilt or changed. However, our findings partly conflict with this view. In Finco, networks were broken down but easily re-established again. At Enerco, this was somewhat harder but many formal networks were replacing lost informal network relationships. Moreover, job shifts and changes in employees' tasks had also resulted in the expansion of new informal networks and at Enerco in the development of new social capital.

At Finco, managers said that attempts were made to avoid informal networking by increasing formalization and in that way eliminating overt politicking and opportunistic power use. This is in line with Astley and Zajac's (1991) arguments on power. They say that power and organization design mutually influence each other. Our case organization, Finco, may have aspired to the perfect Weberian bureaucracy avoiding power and subjectivity, but the informal system could not be fully eliminated. Formal systems had reduced the possibilities for politicking and opportunism and had reduced potential disadvantages in the case of distrust (i.e. personality-based distrust was made less important), resulting in fewer incentives to protect one's knowledge. Nonetheless, informal networking was still used to exert power in the organization and especially to influence decision-making based on selective knowledge flows.

In our study, the high level of formalization in Finco led to a need for informal networking, while in Enerco it led to a decrease in the need for informal networking. This has implications for managers. It suggests that their impact on social capital is limited. Trying to influence it by formal initiatives, such as stimulating team work, does not guarantee the development of more shared values or less overt political behaviour. Social capital is a collectively owned asset which is intangible and emerges in the organization, escaping management control (Adler & Kwon, 2002; Krackhardt & Hanson, 1993).

Conclusions

Research clarifying the relationship between behaviour and knowledge flows in organizations is currently scarce (Grandori & Kogut, 2002). Our study has sought to explore that relationship from a social capital perspective by focusing on the interplay between different aspects of social capital and knowledge sharing activities. This analysis was grounded concretely in the study of a number of cooperative episodes linking different groups within two case organizations. In this empirical study, we applied a framework derived from the existing literature on social capital which highlights different aspects of social capital operating within organizations – termed 'instrumental' and 'consummatory aspects'. In applying this framework we sought to explore the implications of social capital even-handedly – acknowledging that the above aspects are closely intertwined, and may represent different expressions of the same underlying relationships.

Our theoretical account and empirical findings shed light on the interplay between organizational politics, social capital and knowledge sharing. Statements are made in the literature on the importance of social capital as a driver for knowledge sharing in organizations (Nahapiet & Ghoshal, 1998), but our empirical study suggests that the consequences of social capital are ambivalent and unpredictable. This is particularly because the instrumental aspects of social capital represent a source of power and politicking.

Our two cases revealed that social capital influenced knowledge sharing and that this influence resulted in both a barrier and enabler to the knowledge flows between units. In effect, it seemed that the social capital bridging units was based more on reciprocal exchanges than on shared views. This supports the instrumental view of social capital (Portes, 1998). We therefore draw the conclusion that the benefits of social capital to knowledge sharing are limited when social capital operates in a purely instrumental way. Our cases suggested that in these instances social capital was primarily mobilized for influencing, achieving personal and unit goals and protecting or obtaining scarce resources. As a positive spill-over it did create informal channels for knowledge sharing. However, these preliminary conclusions based on our two cases with predominantly instrumental expressions of social capital do need to be compared in future research with organizations where social capital takes a more consummatory form.

Finally, we need to acknowledge the limitations of our study. First, it does not really allow us to contribute to a wider debate on the usefulness of 'social capital' as a concept (e.g. Fine, 2001). We do recognize, though, that its value as an overarching concept needs to be tested by more forensic analysis of the relationships and phenomena that it encompasses. It certainly cannot, from our own account, be viewed as a uniformly beneficial feature of organizational life. To this extent our study echoes more critical accounts of the 'dark side' of social capital (Edelman et al., 2004). Second, our exploratory study does not allow us to assess the overall effects of social capital on knowledge sharing. This requires a more detailed study of a small number of cooperative episodes to identify the total impact on the organization as a whole. Another limitation, related to the need for a more in-depth study of cooperative episodes, is in the indirect measurement of social capital. The concept of social capital is difficult to operationalize as a discrete influence upon organizational behaviour, and it is difficult to fully exclude the effects of other factors. More in-depth study and longitudinal or even ethnographic studies of cooperative episodes are clearly required to observe at a greater level of detail the implications of social capital for relationships and actions.

Note

1 The company names are pseudonyms to preserve confidentiality.

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