How Do Online Social Networks Drive Internal Communication and Improve Employee Engagement?

Eunjung Lee
Cornell University
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Abstract
The definition of a social network is taking traditional or in person networking activities online. It focuses on facilitating the building of social networks or social relations among people who, for example, share interests, activities, backgrounds, or real-life connections. Given the popularity of social network sites, it is obvious that more and more companies are interested in using them to enhance company’s strategy. Many large organizations had been looking for ways to extract business values from social technologies, and some of them had already run their own social network site on their own servers, what we will refer to as an internal social network. Our research, focusing on looking at the practices of real companies’ internal social network, may reveal some insights or give some inspirations.

Keywords
human resources, social networks, employee engagement, internal communication, online social networks and improved employee engagement

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**Executive Summary**

**Question:** How do online social networks drive internal communication and improve employee engagement? What are the pros and cons of online social networks in the workplace? Show best practices as references.

**1. Background**

The definition of a social network is taking traditional or in-person networking activities online. It focuses on facilitating the building of social networks or social relations among people who, for example, share interests, activities, backgrounds, or real-life connections. Given the popularity of social network sites, it is obvious that more and more companies are interested in using them to enhance company’s strategy. Many large organizations had been looking for ways to extract business values from social technologies, and some of them had already run their own social network site on their own servers, what we will refer to as an internal social network. Our research, focusing on looking at the practices of real companies’ internal social network, may reveal some insights or give some inspirations.

**2. Best Practices of internal Social Networks**

**Humana** (a health care benefits insurance company):
1) Built online profiles of employees to use in their performance review process and built a database of leaders’ profiles;
2) Established an internal social networking site similar to Facebook and LinkedIn with a strong built-in search function, through which employees have their own blogs to share their expertise, thereby stimulating ideas and discussions;
3) Tried out social networking analysis software to identify specific communications patterns and people within the company who have strong influence and who are hubs for information;
4) Technology-enabled online simulations with this software, employees can participate in scenario planning and discuss the business impact of decisions tied to each scenario. The involvement of a variety of other stakeholders aims to bring forth and share different viewpoints of government agencies and consumer representatives in order to bring health care solutions to fruition. Humana believes that enabling employees and leaders to see each other more clearly through the company’s social networking site will improve its ability to find quality successors for its leadership. In addition, as employees are able to see each other’s strengths and experience, they will be better able to leverage the knowledge that resides throughout their networks.

**Dow:** is focusing on increasing “engagement with the overall Dow family—current and former employees.” *My Dow Network* is launched “to cultivate four Dow communities: retirees, alumni, current employees and women.” According to the official press statement, the closed, online community allows users to expand their professional networks, to renew old friendships, to learn the latest Dow information, and to explore new job opportunities. It also keeps Dow connected to a larger talent pool, fuels collaboration and innovation, and facilitates a diverse and inclusive work environment.

**IBM:** launched *Beehive* (shown in Appendix 1), a social networking website behind IBM’s firewall for IBM employees designed to blur the boundaries of work and home, professional and personal, and business and fun. As with other social network sites, it supports the “finding” of other people, provides an individual profile page for each user, and incorporates content sharing in the form of photo and list sharing. They did not build in limitations on the types of content that could be shared, for example whether or not the content was personal or professional in nature.

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From: Eunjung Lee (el586@cornell.edu) & Wei Xue (wx65@cornell.edu)
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Salesforce.com: developed Chatter, a Facebook-inspired application for companies that allows users to keep track of their colleagues and customers and share information and ideas. The application had been used by employees within and across different work groups. Moreover, it had become an effective way to bring the top tier of the company closer to the workplace. For instance, during the company’s annual management off-site, all employees had been invited to join the meeting virtually by broadcasting the meeting through a video service. A special “Chatter forum” had been set up, through which managers who attended the meeting and the employees who watched it can comment and interact with each other. In the end the dialogue lasted for weeks beyond the actual meeting. More important, by fostering a discussion across the entire organization, Top management has been able to better align the whole workforce around the company’s mission. The event served as a catalyst for the creation of a more open and empowered culture at the company.

Marsh Inc. (an insurance subsidiary of Marsh & McLennan Cos., based in New York City): created Marsh University, a social platform-based learning site. Beginning with peer-to-peer learning on the social platform, Marsh University now offers content, connects individuals, allows creation of groups for learning and collaboration, and lets individuals share through blogs. About 18,000 of the company’s 25,000 employees use it.

3. The Impact on the workplace

Possible Advantages:

- Social networking sites help employees remain focused on and aligned with corporate objectives.
- People can share resources and information easily and effectively.
- These tools flatten the corporate hierarchy, empower individual employees at all levels and provide a direct path to decision-makers and executors.
- Internal social networking encourages people to connect and communicate with each other, cross pollinate ideas and develop valuable insights.
- The ability to communicate issues, insights and solutions leads to generating new ideas.
- The company can be more easily and effectively search for and consolidate employee skill-sets to match specific project requirements.

Possible Disadvantages:

- Open up the possibility for hackers to commit fraud and launch spam and virus attacks.
- Increase the risk of people to result in data and identity theft.
- May result in negative comments from employees about the company or potential legal consequences if employees use these sites to view objectionable or offensive material.
- Potentially result in lost productivity, especially if employees are busy updating profiles, etc.

4. Conclusion:

Undoubtedly, social networking is revolutionizing the way a company connects, communicates, engages employees, and achieves its business goals. However, there is no one-size-fits-all approach for a company adopting social networking in the workplace. Because comparatively few studies of social networks in the workplace exist, some important questions regarding issues such as the relationship between social networks and work performance, and the ROI of social network, remain unanswered. However, we feel that the information that is learned from an internal social network is interesting and valuable enough to collect and communicate. In order to achieve this goal, we suggest that companies provide concrete examples of usage violations to their employees.
Appendix 1. A Beehive profile

Appendix 2. Formal Application of Social Media

<table>
<thead>
<tr>
<th>Organizational Use</th>
<th>Potential Benefits</th>
<th>Potential Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment and selection</td>
<td>- Improved sourcing of high-quality candidates</td>
<td>- Employment discrimination (e.g., obtaining personal information that is not job-related from sites such as Facebook and using it in hiring decisions)</td>
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<td></td>
<td>- Enhanced candidate quality</td>
<td>- Variability in applicant use of social media disadvantages those who do not use it (some age groups or racial/ethnic groups may be underrepresented on social media sites)</td>
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<td></td>
<td>- Increased time and cost efficiency</td>
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<tr>
<td>Socialization and onboarding</td>
<td>- Greater organizational identification and commitment</td>
<td>- Spread of inappropriate or damaging information (e.g., negative information posted by disgruntled employees could discourage new hires)</td>
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<td>- Reduced turnover</td>
<td>- Creation of division rather than inclusion (e.g., establishment of “cliques” or subcultures)</td>
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<td></td>
<td>- Improved employment compatibility and job satisfaction</td>
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<tr>
<td>Training and development</td>
<td>- Reduced training costs</td>
<td>- No positive effect on learning or development (e.g., skills to be learned are not transferred to the job)</td>
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<td>- Greater training effectiveness</td>
<td>- Unequal access or usage (e.g., those who do not use social media have fewer opportunities for training or development)</td>
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<td></td>
<td>- Continuous skill enhancement and self-directed learning</td>
<td>- Unequal access or usage (e.g., those who do not use social media have less opportunity to share)</td>
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<tr>
<td>Knowledge sharing</td>
<td>- Fast and inexpensive dissemination of information</td>
<td>- Too much information (e.g., work time consumed with reading social network posts)</td>
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<td>- Easy sharing of knowledge from few to many</td>
<td>- Quick spread of negative or private information (e.g., co-workers learn of an employee’s serious medical condition)</td>
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<td>Branding and marketing</td>
<td>- Ability to reach new customers</td>
<td>- No relevant effect on customer metrics (e.g., investment in social media does not generate sales or customer growth)</td>
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<td>- Customer loyalty enhancement</td>
<td>- Hidden costs with maintenance of media (e.g., staff time to monitor social network sites and constantly provide fresh content)</td>
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<td>- Increased time savings and cost efficiency</td>
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<tr>
<td>Creativity and problem solving</td>
<td>- Increased problem solving accuracy and speed</td>
<td>- Consensus process slows decision-making (e.g., the higher number of people involved in decision-making increases time needed to resolve an issue)</td>
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<td>- Innovation spread throughout organization with minimal effort</td>
<td>- Consensus leads to pursuit of poor choices; lack of critical thinking (e.g., groupthink or an influential employee generating support for a bad idea)</td>
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<td>Influencing organizational culture/change</td>
<td>- Reinforcement of organizational culture</td>
<td>- Broad resistance to organizational change (e.g., employees bond together to resist change)</td>
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<td>- Culture change through communication</td>
<td>- Facilitation of undesirable company culture (e.g., employees use social media to form coalitions counter to the organization’s culture)</td>
</tr>
</tbody>
</table>

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Additional Suggested Readings


