HIGHLIGHTING SOCIAL CAPITAL AS THE IMPORTANCE OF INVESTIGATING NETWORK PHENOMENA: CASE STUDY OF PARAMADINA INTERNAL NETWORKING

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Introduction

Network studies have appeared regularly in management journals, contributing to the investigation of a wide range of organizational topics across different levels of analysis. Network research embraces a distinctive perspective that focuses on relations among actors, whether they are individuals, work units, or organizations. According to the network perspective, actors are embedded within networks of interconnected relationships that provide opportunities for and constraints on behavior (Brass, Galaskiewicz, Greve, Tsai, 2004). Networks as the implementation of social capital have many of the consequences that have been predicted: (1) they transfer information that gives rise to attitude similarity, imitation, and generation of innovations; (2) they mediate transactions among organizations and cooperation among persons; and (3) they give differential access to resources and power.

Related to network, there is concept of social capital. Social capital is defined as the network as a set of nodes and the set of ties representing some relationship, or lack of relationship, between the nodes. It refers to nodes as actors (individuals, work units). Schonstrom (2005) argued that social capital can be divided into intentionals networks and emergent networks. Intentional network which are networks that are intentionally created by
an organization (formal network) and emergent networks are informal networks that already exist but that need some interventional support to exist.

This article aims to understand the aspects of social capital formation in Paramadina. Social capital is an aspect of the implementation of the network concept that can be used as the basis to improve performance by doing synergies with other people or between sections. This article describes the practical applications of social capital in the Paramadina as a condition of educational institutions with qualified human resources. Data collection conducted by distributing a survey to a number of members of both Paramadina faculty, staff, office boy material. The answer is qualitative, and analyzed through a theoretical approach by using the theory of social capital.

Theoretical Review

Social capital is the collection of resources owned by the members of an individual’s personal social network; which may become available to the individual as a result of the history of this relationship (Van der Gaag, 2005). Coleman (1988) argued that social capital is defined by its function. It is not a single entity but a variety of different entities, with two elements in common: they all consist of some aspects of social structures and they facilitate certain actions of actors—whether person or corporate actors within the structure. Like other forms of capital, social capital is productive, making possible the achievement of certain ends, that in its absence would not be possible. Social capital inheres in the structure of relations between actors and among actors. It is not lodged either in the actors themselves or in physical implements of production. Because purposive organizations can be actors (corporate actors) just as persons can, relations among corporate actors can constitute social capital for them as well. The form of social capital depends on two elements namely trustworthiness of the social environment which means that obligations will be repaid and the actual obligation held.

Social capital also involves the relationship between individuals and organizations that facilitate action and create value (Adler, & Kwon, 2002). Enabling people to act collectively, social capital reflects the value of the relationships and does a quality exist among people and organizations. Social capital entails a web of relationships that includes norms, values, and obligations.

The concept of social capital refers to internal and external social capital. Hitt and Ireland (2002) argued that internal social capital is concerned with the relationships between strategic leaders and those whom they lead as well as relationships across all of an
organization’s work units. Strategic leaders must build and utilize great groups as a means of
developing effective and collaborative relationship. External social capital is concerned with
the relationship between strategic leaders and those outside the organization with whom they
interact to further the firm’s interest. This need causes organizations to form both formal and
informal alliances with other firms to gain access to complimentary and needed resources
and participate in a network relationship (Gulati, Nohria, Zaheer, 2000).

The application of social capital is facilitated by networking. Networking is a
naturally inherent aspect of decision-making in which people exchange and seek ideas,
knowledge, and market-related information through their business activities and contacts
(Gilmore & Carson, 1999). This is because individual must go outside and this business is a
market-led activity. Thus, individuals are doing their activities through all their formal
communication activities such as interacting and participating in social, business, and
activities. However, the characteristic of activity by networking is center around people. The
characteristic is informal. It is interactive, interchangeable, integrated, habitual, and highly
focused around small and medium enterprise. The creation of social capital assists in solving
problems of coordination, reduces transaction costs, and facilities the flow of information
among employees. It also facilitates collective procession of work related activities, growth in
teamwork, collective representations and collective emotional experience, that is tuning one’s
own emotional state to that of another person or work group, reflecting joint activities,
common goals, norms, and values.

Hutchinson and Vidal (2004), argued that participants can rely upon one another to
uphold social norms and to reciprocate help. This reliance permits the participants to make
instrumental use of relationships of solidarity and to conserve the resources that
spontaneously emerges from them-mutual trust. Thus, defined, social capital is both an
individual and a collective resources, as well as a form of capital analogous to economic
capital.

Social capital is the form of interpersonal networks. Interpersonal networks have an
important effect on a variety of important individual outcomes: getting a job, gaining
influence, performing well, and getting promoted. As the review indicates, network
researchers have typically focused on outcomes, taking available network structures as given.
Although similarity, personality, proximity, and organizational structure have been shown to
affect interaction patterns within organizations, more work is needed on network antecedents.
For example, individuals with critical human capital (expertise, intelligence, skills) and social
capital (connections to others) may be particularly attractive partners.
Antecedents of social capital such as similarity and proximity. People tend to interact with each other. Similarity is thought to ease communication, increase the predictability of behavior, and foster trust and reciprocity. Similarity has been operationally defined on such dimensions as age, sex, education, prestige, social class, tenure, and occupation (McPherson, Smith-Lovin, & Cook, 2001). That is, interaction is influenced by the degree to which an individual is similar to other individuals relative to how similar he or she is to everyone else. Proximity and organizational structure are also the antecedent of social capital. Organizational structure shapes networks in organizations. Labor is divided, positions are formally differentiated both horizontally (by workflow and task design) and vertically (by hierarchy), and means for coordinating among differentiated positions are specified. Recent changes in communication technology, such as electronic mail, have generated increased interest in technology’s effects on communication networks (Fulk & Steinfield, 1990). To the extent that formal structures situate actors in physical and temporal space, they exert an additional influence on network building. Although the use of telephones and electronic mail may moderate the relationship between proximity and interaction, proximity ties are easier to maintain and more likely to be strong, stable links.

Meanwhile, social capital also has the consequences of interpersonal network. Consequences of networks are attitude similarity and job satisfaction. Established patterns of interaction become institutionalized and take on the qualities of socially shared, structural facts. Network patterns emerge, become routine, and both constrain and facilitate. The first consequence is attitude similarity. Attitude formation and change occur primarily through social interaction. Thus it is expected that managers to have attitudes similar to other managers’ attitudes, rather than to subordinates (Umphress, Labianca, Brass, Kass, and Scholten, 2003). Second is the job satisfaction. Morrison (2002) found that organizational commitment (a construct related to organizational satisfaction) was associated with the closeness of friendship ties for organizational newcomers. The last consequence is

Akdere (2005) argues that social capital can prioritize individual's ability to mobilize resources through local networks such community-based organizations, familial, and social organization. Social capital in micro level indicates recognition, cooperation, and personal trust, solidarity, loyalty, reputation and access to information that convincing. Social capital associated with the individual ego, self-development and personal growth. Lin (2001) showed that social networks generate important aspect of information, influence, social credentials, and reinforcement. This aspect shows that social capital can be a vehicle for instrumental and
expressive. The flow of information in social capital facilitate employees to exchange information and give employees the opportunity to gain new knowledge.

**Case Study: Paramadina Activities**

Paramadina is a university in the last two years has a number of activities that may be said quite active. This activity is caused by the orientation of the leaders who tried to direct the Paramadina to face the challenges ahead in the service industry as well as the optimal orientation for providing services to faculty and students.

The activities in Paramadina are done easily because the scope of a small organization, bureaucratic structure does not work, and easy communication. Paramadina has the form of an information system that connects the internal internet with various individuals in the program of work of different units, thereby causing a person can interact with other individuals. These activities include the graduation committee, Grha Mahardhika Paramadina, Selection of New Students, Fellowship, PSR, and interaction of daily communication.

Survey was conducted by asking a question to the employees in the Paramadina which includes faculty, staff, including office boy. Paramadina University has a team-based work orientation. In a team, it would require social capital. Most important social capital in this case is the belief that co-workers in any course, department, directorate, are incorporated in the committee.

Based on the survey results from 77 respondents, it was found that social capital is important because it is a factor to be a good cooperation with others. The answer of respondents are classified into five groups of mutual respect other skills, a sense of togetherness, a sense of trust, good communication, and physical proximity. The composition of each response is to respect the ability of others 90%, there is a sense of togetherness 80%, there is a sense of trust 60%, good communication 13%, and 10% physical proximity. These five elements constitute of social capital.

**Analysis**

**a. Respect of Other Ability**

It can be theorized that social capital can enhance an organization’s ability to manage knowledge because it has the capacity to do a variety of things. In terms of knowledge capital, social capital helps to facilitate the development of collective intellectual capital by affecting the conditions necessary for exchange and combination to occur (Nahapiet &
Based on the opinion of survey participants, social capital in Paramadina is created by the willingness to share the ability and it can make the knowledge management process more efficient. It can form the combination and exchange of resources in a firm, encourage cooperative behavior and provide access to resources through network ties.

Each individual to appreciate their abilities, because the sharing of knowledge can solve the problems properly and quickly. Every individual has different abilities. These different abilities is a synergy to be able to solve the problem well. Problems are so complex.

b. Solidarity

Social capital is supported by the existence of solidarity within network or team. Strong social norms and beliefs, associated with a high degree of closure of the social network, encourage compliance with local rules and customs, and reduce the need for formal controls. Frequent interactions among groups permits faster dispute resolution and prevents the accumulation of grievances and grudges. Solidarity is also triggered by the same identity. Identity in Paramadina occurs when workers see themselves as one another person of group of people. The individuals takes the values or standards of other individuals or groups as a comparative frame of reference. Solidarity in any activity in Paramadina enhances concerns for collective processes and outcomes, thus increasing and strengthening group norms and collective goals. This kind of groups such as in the committee Paramadian Fellowship, New Student Selection, Graduation increases perceived opportunities for information exchange and enhances frequency of cooperation. Where solidarity is not present there are significant barriers to information sharing, learning, and knowledge creation (Simon & Davis, 1996).

c. Trust

Trust, which is defined as the willingness of a party to be vulnerable to the actions of another. Interpersonal trust “increases confidence and security in the relationship, reduces transaction costs between parties, and promotes open, substantive, and influential information exchange”. Proactive information and knowledge sharing is another dominant challenge faced by teams operating in Paramadina. Unevenly distributed knowledge, private communication that left other participants uninformed or mistaken in their assumptions, and failure to communicate knowledge are some of the problems that are faced by teams. Problems are complicated by the facts that team members are from different backgrounds and there may be an unwillingness to share knowledge and lack of trust about how knowledge will be used. For teams unable to establish such a shared knowledge base, they
typically experience numerous problems including failure to communicate, difficulty understanding the importance of information, and difficulty interpreting the meaning of silence by others.

There is a widely recognized view that trust, as the positive and confident expectation in the behavior of another party, is a vital requirement and a ‘need to have’ quality for effective virtual teams. Trust in Paramadina, has been defined as degree of confidence and willingness between team members. They do acknowledge, however, that trust amongst group members may be improved through social communication. Trust and team performance were positively correlated to effective communication among members.

Trust is one of the most frequently mentioned factors known to affect knowledge creation and sharing. Trust facilitates learning between partners, and that decisions to exchange knowledge under certain conditions are based on trust. Accordingly, trust and knowledge sharing mutually reinforce each other. Knowledge management is by nature a social activity, requiring active participation from organizational members. Accordingly, in the state of high commitment, employees at all levels of Paramadina are more likely to share critical knowledge so that they can influence and be rewarded for organizational performance.

d. Good Communication

Every activity in Paramadina is supported by social capital because social capital as a resource facilitating action by a focal actor, a resource that inheres in the social network tying that focal actor to other actors. This view begins with the idea that the actions of individuals and groups can be greatly facilitated by their membership in social networks and good communication. The major benefits that a well-developed information channel provides are abundant and strong ties within Paramadina network. This tie provides closure. The closure would be tight communication between Paramadina workers so that information about activities almost immediately is communicated to their colleagues and corrective action is immediately taken. Within Paramadina, closure provides for more intense adherence to norms, a stronger feeling of obligations and expectations and a heightened sense of identity.

Successful sharing social capital enables knowledge networks and efficient communication between its members and the language aspects. A common language that can be used by the network members will make communication which requires a common language. In Paramadina, exactly, to create successful social network is a difficult process.
However, there are skill managers that master social process and understand how people learn and share knowledge.

In Paramadina, organizations have the ability to quickly respond to the willingness of employees. Communication between the organization's goals and targeted outcomes was running well so that they could do the job properly. Based on the interview, it was found that the organizations in this study applied good communication patterns. This communication is an effort to share important information to be known by all employees in the organization and can be used as guidelines to carry out activities better. Sharing information to other departments can help other departments to improve performance.

e. Physical Proximity

Recent changes in communication technology, such as electronic mail, have generated increased interest in technology’s effects on communication networks among Paramadina individuals. To the extent that formal structures situate workers in physical and temporal space, they exert an additional influence on network building by sending message via internal internet. Although the use of telephones and electronic mail may moderate the relationship between proximity and interaction, proximity ties are easier to maintain and more likely to be strong, stable links. Paramadina workers tend to have an informal meeting related to discussion concerning all academics and non-academics matters.

Conclusion

Social capital is the aspect of the implementation of the network concept that can be used as the basis to improve performance by doing synergies with other people or between sections. Social capital in the Paramadina acted as a condition of educational institutions with qualified human resources. Aspect of ability to respect other people, solidarity, trust, communication and physical closeness are aspects of social capital formation in Paramadina. Enabling people to act collectively, social capital reflects the value of the relationships and does a quality exist among people and organizations. Social capital entails a web of relationships that includes norms, values, and obligations.

Related to ability to respect of other people, social capital is created by the willingness to share the ability and it can make the knowledge management processes more efficient. It can form the combination and exchange of resources in a firm, encourage cooperative behavior and provide access to resources through network ties. Related to solidarity, Solidarity in any activity in Paramadina enhances concerns for collective processes
and outcomes, thus increasing and strengthening group norms and collective goals. Related to trust, increases confidence and security in the relationship, reduces transaction costs between parties, and promotes open, substantive, and influential information exchange. Related to good communication, successful sharing social capital enables knowledge networks and efficient communication between its member and the language aspects. A common language that can be used by the network members will make communication which requires a common language. Related to physical proximity electronic mail may moderate the relationship between proximity and interaction, proximity ties are easier to maintain and more likely to be strong, stable links. Paramadina workers tend to have an informal meeting related to discussion concerning all academics and non-academics matters.

Overall, organization in more advanced knowledge-management stages came to realize, successful knowledge-management initiatives seem to require systematic managerial efforts as well beyond building networks. Organizations increasingly compete on the basis of their intellectual assets. To lead in the market, organizations should continuously create and accumulate organizational intellectual assets such as knowledge, experience, expertise, and associated soft assets from internal and external sources. Paramadina has developed this quite well. In order to survive and what is more challenging, to enhance competitive advantage, firms must possess a knowledge base and capabilities of networking which add value to the firm.
REFERENCES


