
How a Scandinavian Firm can teach The World on how to use Social Media inside their Organizations



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When we discuss about European competitiveness, there is often gloom and doom thinking about European non-competitiveness. We believe that such thinking conveys an over-pessimistic picture of Europe's competences in many aspects of business. In this short text, we want to focus on European managerial competence and to underscore that there are executives in Europe who are exceptionally good at managing both the hard and the soft aspects of management to achieve competitive advantage.

We illustrate our thesis with the case of Stein Ove Fenne who was been successfully running Tupperware Nordic for a number of years, and how he artfully blended the soft aspect (managing emotional capital in organizations) and the hard aspect (social media technologies) to improve the competitiveness of Tupperware. Recently, Fenne has been appointed

CEO Tupperware North America, which seems to suggest that some European executive talent can be valued well beyond the borders of Europe.

Many companies worldwide have started using social media to interact with external constituencies such as customers, but fewer have used it to interact with employees inside their own organizations. In a 2010 survey we conducted of 1060 global executives, only 30% of executives whom we surveyed work for companies that have both adopted internal use of social media and seen positive effects on the company's internal communications as a result. In our qualitative investigation of 34 companies' social media experience, we found a similar challenge.

Why do so many companies fail to make social media work well within their organizations? Our finding is that to be successful, internal social media initiatives must focus first and foremost on the development of what we call emotional capital, which we define as the aggregate feelings of goodwill toward a company and the way it operates. (See "What is Emotional Capital?" and detailed use of it in our MIT/Sloan Management article of September 2012 cited below) A company's emotional capital with its employees can be built by the actions of executives; it represents the emotion-based assets that the organization has developed over time with its employees. We hypothesize that organizations based in Scandinavia, as illustrated by Tupperware Nordic, could potentially have a competitive edge over the rest of the world in using this rather cutting edge management approach to boost innovation and productivity.

Why so? Broadly speaking, there are two main ways to motivate employees to work harder and more effectively for the company. The first one is based on economic incentives and related variants that cost money such as long vacation, pleasant work place, stock options, big bonuses. The second one is based on emotional benefits, that is, the energetic feelings that employees experience when they perform work. Research on emotions has demonstrated that feelings and emotions can influence significantly people's thinking and behavior, including creativity and discretionary effort, hard work and cooperation, all of which represent necessary ingredients for work force competitiveness. When we started our research we hypothesized that emotional benefits can be especially important to motivate knowledge workers for whom economic welfare is relatively a given (such as in Scandinavian countries) and also for companies that do not have sufficient money to meet their employees' economic demands. Companies will need to

offset some shortage in economic benefits with a superior supply of emotional benefits.

To illustrate, Fenne of Tupperware created a variety of emotional benefits for the firm employees in various Scandinavian countries. More specifically, Fenne relied on social media technology to perform a series of actions that helped Tupperware Nordic employees to experience authenticity at work, pride, attachment and fun (for detail, please read our research article cited below). Our research found that executives who use social media to build emotional capital within the communities of their employees reap real benefits in terms of improved information flows, collaboration, lower turnover and higher employee motivation. Emotional capital has to be built first before the firm can expect to reap the economic benefits stemming from the internal use of social media. Unfortunately, many organizations fail to grasp the crucial role of social media in building emotional capital and instead try extracting benefits from their internal use of social media before the emotional capital is built.

Tupperware Nordic's success in the internal use of social media was even more impressive when this achievement is contrasted with the underperformance of many large technology companies. In these IT leading companies, executives mobilized experts to develop internal applications that mirrored the functionality of Facebook and Twitter and built a platform that allowed for the creation of internal wiki pages. The company hired many open-source technology developers to build new collaboration tools. Executives communicated with employees through emails and blogs, encouraging them to use new applications in the spirit of collaborative community building. Executives made participation in internal social media communities a part of employees' performance review. However, social media adoption improved neither the ease of internal information sharing nor employee morale. Even operational efficiency was unaffected.

Tupperware Nordic, by contrast, invested less than \$50,000 in social media initiatives for its northern Europe organization, but obtained much more impressive results. Between 2008 and 2011, the turnover rate of Tupperware's predominately part-time sales consultants—one of the most important cost drivers and indicators of morale in a direct sales industry—fell by 15%. An interactive motivational webcast, "The Tupperware Radio Show" which we describe in detail below, generated €500,000 (about \$700,000) of new sales over a three-day weekend in January 2010 with only €6,000

(\$9000) investment in telecommunications bandwidth. Furthermore, both the ease with which best practices diffused throughout the company and the company's revenues increased.

There is a deeper lesson to be learned beyond the superior use of social media by Tupperware Nordic: European leaders like Fenne have shown high managerial competence in community building, artfully combining both economic and emotional levers. Both are critical to motivate knowledge workers for innovation and quality. More leaders from the European community can learn from Fenne's experience to motivate their knowledge workers and increase their companies' competitiveness.

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