
Use Social Media to Develop Emotional Capital with Your Employees



By [Andrew Shipilov](#) , INSEAD

Many organizations have started using social media tools internally to interact with their employees. However, the majority of companies have either stayed away from using these tools or failed to see satisfactory results. In fact, in our survey of 1060 global executives, only 30% said that they work for companies that benefited from the internal use of social media.

Why do so many companies either avoid using social media or fail to make it work? In an article with Quy Huy which just came out in the [MIT Sloan Management Review](#) we find that to be successful, internal social media initiatives must focus first on the development of **EMOTIONAL CAPITAL** that represents the quality of the emotional connection between a company and its employees. Executives who use social media to build emotional capital in the communities of their employees reap real benefits, in terms of improved information flows, collaboration, lower turnover and higher employee motivation.

The reason social media works well in one company and can be totally ineffective in another can be seen by looking at the experience of two companies – a technology company Tekcompany [ii] and the European Nordic branch of Tupperware, a U.S. based kitchenware company that sells the products through direct sales channel.

Tekcompany's executives mobilized expensive 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. In the end, however, the company had little to show for all that effort. Tupperware Nordic, by contrast, invested less than \$50,000 in social media initiatives, 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 dramatically. Furthermore, both the ease at which best practices diffused throughout the company and the company's revenues increased.

Tekcompany followed an implementation approach that reflected a traditional information technology mindset. When asked about the most important factors that accounted for success of social media communities, TEKCO executives told us only about technological aspects (e.g. the ease of use and availability of social media tools), without any hint that they had also considered emotional capital.

In a stark contrast to Tekcompany, Stein Ove Fenne, managing director at Tupperware Nordic, had an intuitive understanding of the importance of creating positive feelings through social media tools. **Through his actions he has demonstrated the four pillars of emotional capital: authenticity, pride, attachment, and fun.**

A major source of authenticity is the senior executives' ability to show that their statements in the "virtual" world are consistent with their behaviour in the "physical" world. For example, Fenne began by establishing personal relationships with many consultants by visiting all major centres of activity. He started to invite consultants to Tupperware's headquarters on a regular basis and roll out a long red carpet in front of them. Many of his colleagues were shocked by this treatment in the low key and egalitarian Scandinavian business culture. Yet, precisely because this symbolic gesture was so unusual in that local business context, consultants noticed it, greatly

appreciated it and discussed it extensively in their physical and virtual conversations.

Pride is a feeling experienced when one's achievements are recognized and appreciated, and this helps motivate people to continue achieving in the future. Fenne uses social media to provide an inexpensive platform for generating non-monetary rewards for consultants. He frequently organizes webcasts from his office, where he and his staff play the role of talk show hosts. Consultants' teams from different countries connect and observe what is going on in headquarters through WebTV and post their live comments on a Facebook-type "wall" seen by all participants. During the show, Fenne calls on every sales team, publicly asks them to report their results and thanks them for their achievements.

Employees' attachment to the company is generated when employees feel that they belong to community with shared values and interests. Some of these values go beyond direct work-related interactions. Fenne created a Tupperware Nordic page on Facebook to which consultants can link their personal pages. Some consultants indicate that they enjoy cooking, others enjoy music, and still others enjoy reading/writing blogs on burning social issues. When consultants visit the company's Facebook page (or Fenne's personal page), they can identify other consultants who share the same non-work interests and connect with them directly.

Fun is particularly important in an organization that wants to encourage innovation. When Tupperware's consultants discover particularly effective ways of product demonstration, they produce best practices videos. Sometimes these videos gently make fun of the persons in those videos, for example, showing a competition among Danish men who (somewhat clumsily) compete in cooking using Tupperware products. These videos are shared through social networking websites. Funny elements in these videos attract viewers' attention and show that deviance from "corporate" ways of getting things done not only is tolerated, but encouraged.

[Read more](#) about this research.

[i] A company's identity is disguised.

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