



Social capital and leadership development

Building stronger leadership through enhanced relational skills

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Abstract

Purpose – As organizations face volatile and virtual environments there is a growing need to equip emerging leaders with skills to generate, utilize and maintain social capital. This paper aims to examine five recent, large leadership studies to clarify the role that human capital or social capital capabilities play in present day and future leadership.

Design/methodology/approach – Researchers review five recent large leadership studies, assessing the human capital and/or social capital orientation of identified leadership capabilities.

Findings – The analysis indicates that, although there is a primary focus on human capital capabilities, social capital skills have begun to receive more attention as components of a leader's skill set.

Research limitations/implications – The review focused on five published studies and does not reflect the comprehensiveness of a meta-analysis. Hence conclusions may not apply to all situations. Further exploration and longitudinal study of the efficacy of various developmental approaches and the differential impacts of human and social capital approaches on leaders' effectiveness is suggested.

Practical implications – The growing value placed on leadership social capital capabilities is further addressed here through the presentation of specific social capital skill development initiatives that may be implemented within an organization.

Originality/value – The paper suggests that social capital skills have received more attention recently, yet remain undervalued compared with human capital as important leadership components and offers suggestions for enhancing leadership development initiatives through specific foci on social capital skill development including adopting an open-systems organic mindset, leveraging relational aspects of leadership development, and building networking and story-telling skills.

Keywords Leadership development, Leadership, Social capital

Paper type Research paper



Introduction

As of the year 2000, corporations were spending \$50 billion dollars a year on leadership development (Lockwood, 2006) with significant attention directed at developing the capabilities of individual leaders. With traditional leadership development focusing on benefits gained through individual-leader competency growth, a shift in focus is taking place that is broadening the developmental lens to give more consideration to the relational context within which leadership takes place (Day and O'Connor, 2003). Traditional leadership research has focused on the human capital attributes of leaders

such as traits and behavioral styles and situational attributes such as task structures, leadership substitutes, the nature of decision processes, and leader-member exchange quality (Balkundi and Kilduff, 2006). The underlying issue is that developing individual leader competencies focused on traits and situational attributes does not equate to better leadership as today's leaders must operate in a marketplace that is both volatile and virtual (Cohen and Prusak, 2001). Volatility is evident within organizations in the ongoing changes in personnel policies and practices, and among organizations in shifting supplier relationships, growing international competition and organizational interfaces shifting through the negotiation and nurture of mergers and acquisitions. Virtuality presents opportunities and challenges for leaders (Cohen and Prusak, 2001) as work takes place across distances of time and space, often through electronic communication. Leadership in volatile and virtual environments requires careful attention to both development of individual leaders and the development of leadership capacity in organizations overall. Given the demands of today's relationship-based business environment, building organizational leadership capabilities through a lopsided investment strategy focused on human capital seems to under value the current and future social capital needs of organizations.

This paper explores current leadership development – as focused on individual leaders and on relational leadership capabilities overall. To do so we briefly review the differences between leader development and leadership development. Next we take a closer look at the concept of social capital and its ties to leadership. Results of several large leadership surveys are reviewed to examine the address of human and social capital leadership competencies. Finally, suggestions are offered for ways in which leadership development could leverage existing protocols and consider new approaches to foster the growth of social capital.

Leadership

Leadership defined

Leadership is commonly understood as the use of influence to encourage participation in achieving set goals (Yukl, 2006). The leadership process involves the leader's personality and behaviors, the follower's perception of the leader and the context within which the interaction takes place (Antonakis *et al.*, 2004). Central to the concept of leadership is the relationship, that taking place between leaders and followers (Locke, 2003). Leaders must structure or restructure situations, perceptions and expectations of group members (Bass, 1990). Hence leadership extends beyond an individual's possession of a certain set of traits or a prescribed set of behaviors exercised in response to a defined situation. Leadership is a relational process between leader and followers, and is molded by the context (Fiedler and Chemers, 1974). For leadership to be effective, Chemers (2002) suggests that leaders must focus on their credibility and legitimacy with followers, the development of a relationship via identification of followers' needs and motivations, and deploying resources as to draw the best out of followers in order to meet established goals. This means leaders must embrace change, motivating and inspiring followers to move in a desired direction (Gardner, 1993; Kotter, 2001).

Leadership effectiveness can also be driven by relationships beyond one's immediate subordinates. We follow the lead of Balkundi and Kilduff (2006) who understand leadership as "social capital that collects around certain individuals"

(p. 421). Furthermore, leadership is based “on the acuity of their social perceptions and the structure of their social ties” (Balkundi and Kilduff, 2006, p. 421). This points to the importance of relationships both within and among organizations. An effective leader understands social network relationships among organization members and also between members and others beyond the organization boundaries, and is able to leverage individuals’ personal networks for the benefit of the organization (Balkundi and Kilduff, 2006). Leaders of projects, especially those involving information systems, need to be able build trust in order to make use of the social capital that is critical for success of such projects (Tansley and Newell, 2007). Responsible leaders also think beyond projects, and beyond their immediate organizations, considering how to build relationships and ties that create stakeholder social capital (Maak, 2007). In sum, leadership involves the ability to build and maintain relationships, cope with change, motivate and inspire others and deploy resources.

Leadership development

While traits do play a role in leader effectiveness (Locke and Kirkpatrick, 1999), leadership also involves a set of skills and behaviors that can be learned (Gardner, 1993; Kouzes and Posner, 2002). McCauley (2001) outlines three components of leadership development:

- (1) Developmental experiences that provide opportunities for learning.
- (2) Personal orientation to learning including one’s ability, skills, and motivation.
- (3) Organizational support such as rewards for developmental gains.

Leadership development can come in the form of traditional classroom training sessions as well as through interventions such as mentoring, coaching, active learning, intensive feedback programs, job challenges and reassignments, and social networking (Day, 2001), with the focus of these approaches most often on building better individual leaders versus better leadership.

There is an important distinction between leader development and leadership development (Day, 2001). Leader development refers to the nurturing of individual-level skills and abilities, recognized as the building of human capital (Day, 2001). At the individual level human capital includes work experience, education, knowledge, skills, abilities, and training (Forret, 2006). The many aspects of human capital are captured in two dimensions:

- (1) Value, represented by contributions made that enhance organizational effectiveness, efficiency, and or competency.
- (2) Uniqueness, exhibited in firm-specific, tacit knowledge or expertise (Lepak and Snell, 1999).

Both value and uniqueness are built by enhancing the capabilities of individuals. Since this capital represents most of an organization’s knowledge, it is an important resource for achieving competitive advantage (Hitt and Ireland, 2002).

Leadership development involves building the organization and its members’ capabilities (McCauley, 2001; Day, 2001). As such, leadership development builds social capital through an integrative approach “helping people understand how to relate to others, coordinate their efforts, build commitments, and develop extended

social networks by applying self-understanding to social and organizational imperatives” (Day, 2001). Hitt and Ireland (2002) suggest that leaders need to develop meta-capabilities for coordinating and integrating relationships between firms. By examining their work and others, we suggest a short taxonomy of competencies important for leaders in building, nurturing and leveraging social capital:

- ability to identify needed tacit knowledge;
- evaluation of tacit capabilities;
- building and maintaining internal trust;
- establishment of external relationships; and
- capitalizing on resources from external relationships.

While both human and social capitals are important, they affect organizations differently. Human capital advances organizational performance as individuals apply their knowledge, skills, and abilities, and social capital enhances performance through networked relationships that foster cooperation and resource exchange (Day, 2001). The two kinds of capital are complementary. Human capital, such as personal communication skills, may enhance working relationships, resulting in increased social capital (Nahapiet and Ghoshal, 1998). At the same time, social capital, such as trust generated through work relationships, may in turn enhance one’s human capital (Nahapiet and Ghoshal, 1998; Brass, 2001; Whetten and Cameron, 2005).

Figure 1 outlines some of the unique characteristics of human and social capital. Although distinct, there exists a symbiotic relationship between the two whereby gains to one will allow for gains to the other. In general, leadership development has placed a great deal of attention on building leader capabilities, human capital, with less attention being directed to the development of relational capabilities, social capital (Day, 2001). A recent call has gone out for development of the “responsible leader” who “acts as a weaver of stakeholders and as a broker of social capital in the pursuit of responsible change” (Maak, 2007, p. 340).

Social capital

Adler and Kwon (2002) provide this definition, “Social capital is the goodwill available to individuals or groups. Its source lies in the structure and content of the actor’s social relations. Its effects flow from the information, influence, and solidarity it makes available to the actor” (p. 23). As such, it exists in the active connections among people,

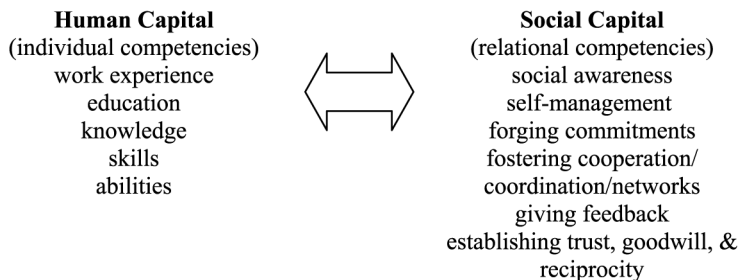


Figure 1.
Some of the unique
characteristics of human
and social capital

where “trust, mutual understanding, shared values and behaviors link the members of human networks, making cooperative action possible” (Prusak and Cohen, 2001, p. 4). For example, fostering cooperation, forging commitments, and giving feedback are noted social capital based skills.

Since social capital exists in connections, it resides both within and beyond organizational boundaries. Looking within, we see two sets of relationships, those among leaders and followers and those among work units (Hitt and Ireland, 2002). From this perspective the organization is much more than a machine; it is a living community. Cohen and Prusak (2001) see communities as means to generate social capital as people engage in common interests that create norms of trust and reciprocity. Community formation takes place as people come together and share in common goals, tasks, or interests. The resulting connections among community members and development of a safe trustful environment facilitate the sharing of knowledge and information.

Practices of social capital leaders

Effective strategic leaders build and deploy social capital that leads to positive business outcomes. But how do they do it? First, such leaders do not view leadership as rank and title, but as a position with responsibility to a diverse set of stakeholders (Ireland and Hitt, 2005). Second, they take a partnership approach and strive to ask good questions of community members empowered to work as partners with them. They choose to form communities of colleagues rather than companies of employees constrained by traditional hierarchy. Third, they work as coaches within a community where sharing among organizational citizens builds collective energy leading to creation and sharing of intellectual capital and knowledge. Fourth, they manage the paradox of both competing and collaborating with other enterprises. It is through the use of “great groups” (Ireland and Hitt, 2005) that boundaries between competitive and cooperative projects are managed; with short product life cycles and strategic possibilities beyond simple make or buy choices, managers juggle independence and collaboration. Recent theory development suggests that the social capital resources available in a group add to a group’s effectiveness, with a need for strong relationships within and beyond group boundaries (Oh *et al.*, 2006). Yet the development of social capital competencies can be a tricky undertaking. Case research has shown that fostering social capital development might inadvertently strengthen within-group ties to the extent that leadership power structures are strengthened without inviting new participants into leadership roles (Zacharakis and Flora, 2005).

Impacts and benefits of social capital

We have presented a number of ways in which social capital is important to leaders, yet how is social capital related to organizational performance? To explain this we might consider social capital as part of a broader concept, called relational wealth. Following Barney’s criteria for elements of competitive advantage, we see such wealth contributing to the competitive advantage of an organization; it is not easily imitated since it is firm specific, causally ambiguous, and socially complex (Coff and Rousseau, 2000). As relational wealth, social capital builds competitive advantage and advances organizational performance in many ways. Drawing on Hitt and Ireland (2002), Cohen and Prusak (2001), Ireland and Hitt (2005) and Nahapiet and Ghoshal (1998), we

suggest five positive impacts. First, it reduces transaction costs. Specifically the trust developed can lead to reduced need for monitoring of trading partners. Second, social capital improves knowledge creation and sharing due to trust, shared goals and common frames of reference. Third, more coherent action flows from organizational stability and shared understanding. Fourth, organization membership is stabilized through reductions in turnover, severance costs, hiring and training expenses. In turn reduced personnel churning helps maintain valuable organizational knowledge. Fifth, by maximizing the values of competition and collaboration companies increase their chances to earn above-average financial returns.

Leadership: a look from the field

As we considered the significant impact that leadership could have through social capital elements we began to wonder if the discussion of leadership, as suggested by some authors, remains skewed towards human capital. So we conducted a review of five major leadership studies. These works included two studies conducted in 2002; one by the Conference Board (Barrett and Beeson, 2002) and the other a global leadership survey conducted by the Society of Human Resource Management (SHRM) (Collison and Cohen, 2002). Both involved large samples and provide insights on the characteristics considered most important for successful leadership. The third study, conducted in cooperation with the Center for Creative Leadership (CCL) garnered views from training managers and executives from a broad spectrum of industries regarding the state of leadership in their organizations (Schettler, 2003). The fourth, conducted by Development Dimensions International (DDI), involved leaders and HR representatives from public and private companies (Bernthal and Wellins, 2007). The fifth looked at the leadership competencies emphasized most often for development purposes (Gentry and Leslie, 2007). These studies were selected for review for a number of reasons. First, each study was industry based and involved input from professionals working on the frontlines of leadership development. As a result, these studies brought forth the day-to-day concerns and issues with leadership as viewed by the studies' participants as to what leadership skills work and do not work in the field. Second, the selected set of five studies provides a broad range of perspectives, drawing from a wide range of industries. Executives, leaders, human resource professionals, and training managers represented the majority of study respondents. Third, all five studies reported their findings based on large data sets ranging from 150 to 5,000 respondents. Finally, each of these studies was conducted by credible sources who in turn made available their findings.

Our review of the findings was straightforward. The leadership capabilities from each study were assembled in summary tables. Then three researchers independently identified the focus of each skill or competency outlined. To make that judgment they kept in mind human capital characteristics involving individual-level knowledge, skills, and abilities and social capital elements of social awareness and self-management along with fostering trust, cooperation, coordination, commitment, or networks. For example, a leader skill of cognitive ability would represent a human capital characteristic, representing an individual skill level. Similarly, the leader capability of strengthening organizational culture would reflect a social capital element, fostering coordination, cooperation, and unity. Whenever a human capital emphasis was noted, a "yes" was entered in the human capital column and likewise for

noted social capital based competencies. For competencies that did not meet the human capital or social capital definition, a notation of “—” was used. In situations where it seemed an item might fall in a particular category, but it was equivocal, a “maybe” was placed in the appropriate column. The leader quality of culture fit represented such a situation whereby the researchers were unsure as to the human or social capital nature of this leader skill. While classifying items, we recognized that social and human capital are not fully independent of one another. This is reflected in the fact that some leadership competencies could be coded as both human capital and social capital. This was the case for communication skills viewed as a human and social capital element as communication skills reflect an individual competency as well as a relational ability for engaging others. Initial interrater reliability was 64 percent. After discussion researchers achieved 100 percent agreement on concept classification. The interrater reliability results indicate a significant level of concept distinctiveness and agreement as to the human and social capital orientations of the reviewed leadership qualities.

The Conference Board surveyed 150 leading US national and international companies and conducted interviews with organizational leaders and members, with the goal of identifying the most valued leadership practices for today and for the future. Among a host of leadership findings, four critical competencies for future leaders were identified in the study: master strategist, change manager, relationship builder/network manager, and talent developer. In addition, ten skills and abilities were identified as important for future leaders: cognitive ability, strategic thinking skills, analytical ability, decision-making ability, communication skills, influence and persuasion, ability to manage in a context of diversity, ability to delegate and manage risk, ability to develop talent, and personal adaptability.

Our review of the conference board leadership competencies found a predominate orientation towards human capital development. Three of the four critical leadership competencies identified in the study were considered to have an orientation to both human and social capital. Yet of the capabilities and skills recognized as important for future successful leadership (see Table I), only six of the 14 identified competencies directly were rated to involve social capital. There is evidence that social capital is recognized as a vital element in leadership competencies yet the majority of competencies focused on human capital.

Collison and Cohen’s (2002) global leadership report was based on 426 responses to a survey distributed to 1,898 SHRM members. Respondents ranked the importance of 29 leadership skills and behaviors. Of the 29 skills and behaviors 10 received a mean score in the “high importance” range (a mean score of 8 or higher, based on a scale of 1 = not at all important to 10 = extremely important). A total of 17 received a mean score in the “moderate importance” range (a mean score between 4 and 8) and two received a mean score in the “low importance” range (a mean score below 4). Our review of this study found human capital aspects of leadership receiving more “high” importance rankings than did social capital elements. As summarized in Table II, none of the “high importance” skills and behaviors seemed directly connected to social capital. Rather, the important skills were focused on individual characteristics. In contrast, some items in the “moderately high” range seemed geared more toward social capital leadership. However, absent from the list were central social capital elements such as building relationships or nurturing trust, coordination, commitment, or networks.

| | Orientation | |
|--|---------------|----------------|
| | Human capital | Social capital |
| <i>Critical competencies</i> | | |
| Master strategist | Yes | – |
| Change manager | Yes | Yes |
| Relationship builder/network manager | Yes | Yes |
| Talent developer | Yes | Yes |
| <i>Skills the successful leader will possess in 2010</i> | | |
| Cognitive ability | Yes | – |
| Strategic thinking | Yes | – |
| Analytical ability | Yes | – |
| Ability to make sound decisions | Yes | – |
| Communication skills | Yes | Yes |
| Influence and persuasion | Yes | Yes |
| Ability to manage in an environment of diversity | Yes | Yes |
| Ability to delegate tasks and responsibilities | Yes | Maybe |
| Ability to identify, attract, develop, and retain talent | Yes | Maybe |
| Personal ability to learn from experience | Yes | Maybe |

Notes: Yes = match to orientation; Maybe = possible match to orientation

Source: Barrett and Beeson (2002)

Table I.
Conference board survey
findings and capital
orientation

A CCL study asked participants to identify leadership training goals and how individuals conceptualize leadership in their organizations (Schettler, 2003). Participants included over 3,000 training managers and executives from a wide variety of industries. Of the 11 items respondents were to select from, we found six items having a human capital focus and seven items having a social capital focus (three items were identified as possessing both human and social capital orientations). However, as outlined in Table III, the social capital oriented items received lower scores from survey participants than the human capital oriented goal of “assess and develop individual leader competencies”. Relational skills/social capital elements were recognized as having some value in leadership development yet they were not considered as important as human capital oriented skills.

In Development Dimensions International’s (DDI) 2005/2006 Leadership Forecast study over 5,000 leaders and HR professionals rated ten qualities of leaders, indicating the importance of each for leaders’ success. The ten leader qualities, from most critical to least, included passion for results, brings out the best in people, adaptability, authenticity, culture fit, conceptual thinking, negates ambiguity, learning agility, receptive to feedback, and motivation to lead. Our review of these findings identified five of the ten leader qualities directly addressing human capital properties and only two leader qualities directly addressing a relational skills/social capital orientation (brings out the best in people and receptivity to feedback; see Table IV). Leader qualities of passion for results, authenticity, and culture fit were difficult to clearly identify as either human or social capital in their orientations.

In a 2007 study, Gentry and Leslie identified the top competencies selected by those designing multisource instruments for development purposes. The 101 participating organizations chose from a listing of 99 competencies those items most appropriate to

| | Orientation | |
|---|---------------|----------------|
| | Human capital | Social capital |
| <i>High importance rating</i> ^a | | |
| Adaptability (to different situations) | Yes | Maybe |
| Character (integrity) | Yes | Maybe |
| Decisive (conclusive) | Yes | – |
| Ethical (dealing with principles of morality) | Yes | – Maybe |
| Flexible (capable of changing) | Yes | Maybe |
| Performance (accomplishment of work) | Yes | – |
| Persistence (continuing in spite of difficulties) | Yes | – |
| Self-confident (believes in self) | Yes | – |
| Technical ability (skilled in performing your work) | Yes | – |
| Visionary (a person who has vision) | Yes | – |
| <i>Medium importance rating</i> ^b | | |
| Conformity (compliance with established usage) | Yes | – |
| Consensus (agreement or harmony) | – | – Yes |
| Consistent (constantly adhering to the same principles) | Yes | – |
| Delegate (to commit power or task to another person) | Yes | Maybe |
| Emotional (appealing to emotions) | – | Yes |
| Forgiveness (willingness to forgive) | – | Yes |
| Harmony (peace, amity, unity, consensus) | – | Yes |
| Inquisitiveness (curious for knowledge) | – Yes | – |
| Kindness (of good disposition and benevolent nature) | – | – Yes |
| Logical (reasonable) | – Yes | – |
| Organized (demonstrates administrative skills) | Yes | – |
| Polite (showing good manners and behavior) | – | – Yes |
| Reconcile differences and ambiguities (to bring together opposing points-of-view) | – Yes | Yes |
| Tolerance (open attitude to those with different opinions) | Yes | Yes |
| Save face (diplomatic and tactful, not embarrassing others) | – | Yes |
| Share power (give or receive the ability to do or act) | Yes | Yes |
| Strict (stringent in enforcing rules and requirements) | Yes | – |
| <i>Low importance rating</i> ^c | | |
| Act in accordance with religious beliefs (takes religious beliefs into consideration) | – | – |
| Ethnic loyalty (faithful to a cultural group) | – | – |

Table II.
SHRM global leadership
survey findings and
capital orientation

Notes: Yes = match to orientation; Maybe = possible match to orientation; ^aBased on mean score ≥ 8 ; ^bBased on mean score $\geq 4 < 8$; ^cBased on mean score < 4
Source: Collison and Cohen (2002)

their leadership development multisource instruments. The top ten most frequently selected competencies included (in rank order) leading employees; building and mending relationships; risk-taking and innovation; change management; influence, leadership, and power; communicating information and ideas; bringing out the best in people; taking action and making decisions; listening; and lastly openness to influence

| Which of the following do you believe are the goals of leadership? (Response ratio) | Orientation | |
|---|---------------|----------------|
| | Human capital | Social capital |
| Assess and develop individual leader competencies (71 percent) | Yes | Maybe |
| Strengthen organizational culture (61 percent) | – | Yes |
| Create bench strength/future leadership (60 percent) | – Yes | Yes |
| Develop team capabilities (59 percent) | Yes | Yes |
| Employee retention (51 percent) | – | Yes |
| Develop leadership strategy (50 percent) | – Yes | – |
| Increase competitive advantage (50 percent) | Yes | – |
| Employee satisfaction (46 percent) | – | – Yes |
| Increase individual self-awareness (44 percent) | – Yes | Maybe |
| Enhance connections between groups (41 percent) | Maybe | Yes |
| Enhance connection between individuals (39 percent) | Maybe | Yes |

Source: Schettler (2003)

Table III.
CCL and training
magazine leadership
survey

| Leader qualities: importance (% critical) | Orientation | |
|--|---------------|----------------|
| | Human capital | Social capital |
| Passion for results (73 percent) | – | – |
| Brings out the best in people (65 percent) | – | – Yes |
| Adaptability (60 percent) | Yes | – |
| Authenticity (55 percent) | – | – |
| Culture fit (53 percent) | – Maybe | – Maybe |
| Conceptual thinking (47 percent) | Yes | – |
| Navigates ambiguity (45 percent) | Yes | – |
| Learning agility (43 percent) | Yes | – |
| Receptive to feedback (37 percent) | – | – Yes |
| Motivation (propensity) to lead (37 percent) | – Yes | – |

Table IV.
DDI leadership forecast
2005/2006: best practices
for tomorrow's global
leaders

(flexibility). Of the ten competencies most chosen in leadership, seven were identified as having a human capital orientation while eight were considered as having a social capital orientation (see Table V).

In contrast with the other four studies, Gentry and Leslie (2007) have identified relational skills and the practice of cultivating relationships as key components to leadership development. This marks a shift in attention and importance assigned to relational skills and social capital development when compared with earlier leadership studies we reviewed.

Our review of the DDI survey findings indicated that while social capital elements are recognized as having some influence, human capital elements remain most prevalent in the opinions of those surveyed. This skew towards human capital is reinforced by Sien (2005) who noted five leadership characteristics commonly viewed as valuable for success: high ethics and morals, results orientation, ability to lead under adverse conditions, openness to diverse cultures and ideas, and ability to motivate and inspire others. Working with our parameters defining human and social capital

Table V.
competencies for
leadership development

| Competencies most chosen in leadership development | Orientation | |
|--|---------------|----------------|
| | Human capital | Social capital |
| <i>Top ten competencies (in rank order)</i> | | |
| Leading employees | Yes | Yes |
| Building and mending relationships | Yes | Yes |
| Risk-taking, innovation | Yes | – |
| Change management | Yes | –Yes |
| Influence, leadership, power | Yes | Yes |
| Communicating information, ideas | Yes | Yes |
| Brings out the best in people | – | Yes |
| Taking action, making decisions, following through | –Yes | – |
| Listening | – | –Yes |
| Openness to influence, flexibility | – | Yes |

Source: Gentry and Leslie (2007)

orientations as summarized in Figure 1, only the latter two elements, openness to diverse cultures and ideas, and ability to motivate and inspire others, directly address social capital development.

Upon review of these five research studies, the representation and ranking of human capital elements continues to reinforce Day's (2001) contention that there is a tilt toward human capital rather than social capital in leadership. We must emphasize that we only examined the overall findings of the studies, and it could well be that some of the emphases on human capital leader qualities are expected to spill over into the social capital arena, creating building blocks for enhanced relationships, goodwill, trust, reciprocity, and commitment. Yet working from the perspective that leadership has a great deal to do with relationships, the limited mention of social capital oriented capabilities as important leader qualities points to interesting directions for the field of leadership development.

Discussion

The goals of this paper were to raise awareness of the importance of social capital in leadership development, to articulate the linkages between human and social capital, and then to document the level of attention paid to human and social capital in recent research conducted with leaders in industry, human resource professionals, and those specifically involved in leadership development. Building on the work of Day and others we have made the case for the importance of social capital in business environments filled with volatility and virtuality. Our analysis of the findings of 5 leadership studies has demonstrated mixed attention to the importance of social capital in leadership development.

While it is interesting to see that there is limited attention, there are many ways in which the development of social capital might be emphasized in leadership development. We would like to briefly suggest three avenues to explore in this regard. Each one may either supplement, or be a logical extension of existing approaches. Our suggestions are as follows:

- (1) Create an open-systems organic mindset emphasizing the value of boundary crossing.
- (2) Leverage the relational aspects of existing leadership development efforts.
- (3) Actively build network and storytelling skills.

By channeling leadership development efforts through these and similar approaches the identified social capital skills important to leadership as identified in our findings (Tables I to V) may be enhanced.

First, as noted by Cohen and Prusak (2001), communities can neither be commanded nor managed into existence. It is more of an organic than mechanistic undertaking, where systems adapt to changing environments (Burns and Stalker, 1961), and individuals, units and organizations are separated by semi permeable membranes rather than impenetrable walls (Miller and Rice, 1967). Thus organizations operate as open systems, gaining resources from the environment, transforming those resources into products and services, and delivering them to customers and clients in the environment (Katz and Kahn, 1978). All of this may sound too simple to even mention, say nothing of emphasize for leadership development in the early twenty-first century. Yet we believe that this focus on organic processes and exchanges draws attention to the primacy of relationships in leadership development. By embedding a value for and fostering mindful generation of social capital within a firm's organizational routines, members will be encouraged to engage in leadership practices that facilitate relationship building (Day and O'Connor, 2003). Such an organic mindset seems to fit with the trends in leadership development. As noted by Zacharakis and Flora (2005), "research indicates that formal leadership education, decontextualized from the workplace or community, often does not improve individual performance or capacity to fulfill leadership duties" (p. 303).

Second, although they have traditionally been focused on human capital development (Day, 2001), it is possible that coaching, mentoring, and job assignments could also enhance social capital. For instance, mentoring commonly serves two functions: career and psychosocial (Kram, 1988). By specifically focusing on the skills and outcomes of relationship-building and the ongoing value of trust, this kind of leadership development tool could direct leaders' awareness and competency in developing social capital. A stretch assignment may be purposefully focused on more than the new task environment or technical demands. By reflecting on the relational components within and across job assignments leadership developers may help individuals leverage social capital, not just human capital gains.

Paying attention to the organic nature of organizations and the open-systems view, leaders can work on hiring for the long term, investing in orientation and training, being mindful of the psychological contract between employer and employee, and communicate continuously. The creation and maintenance of trust is an important part of social capital. Leaders can foster this as they set the tone for an organization through their actions by encouraging trust through being open and honest (Cohen and Prusak, 2001).

Third, an emphasis on networks and shared stories could be threaded into leadership development efforts. Brass and Krackhardt (1999) suggest that twenty-first century leaders should assess their personal networks. In one regard, networking means developing and maintaining relationships with others who might assist one's career (Forret and Dougherty, 2004). Yet we propose that its value extends more

broadly. For instance the building of both strong and weak network ties could involve performing unconditional favors, expressing thanks, and showing positive regard for others. Beyond one's own organization there are opportunities to join professional groups or partnerships in civic organizations. Network ties may be established and strengthened through participation in symposia or conferences.

Social capital also develops as leaders have purposeful conversations and share important stories. The linkage between storytelling and organizational success has been made more explicit by the recent research where relationships between storytelling and organizational commitment have been demonstrated (McCarthy, 2008). Cohen and Prusak (2001) suggest leaders can both validate the idea of storytelling and encourage others to tell stories by telling them themselves. "Stories evoke stories" (Cohen and Prusak, 2001, p. 132). By sharing information about themselves and creating informal opportunities for interactions, common interests can be discussed, creating positive connections among individuals (Spreitzer, 2006).

Limitations and future research

In this paper we sought to further the conversation about social capital in leadership development. In addition, we conducted secondary analysis of five published studies. Our research is not comprehensive, as a meta analysis might be. So the conclusions may not apply to all situations. Future research could include comprehensive systematic explorations of leadership development goals, objectives, protocols and outcomes, with measures designed to distinguish among human and social capital phenomena. Ideally this would lead to more careful longitudinal studies that might be able to accurately gauge the efficacy of various developmental approaches and the differential impacts of human and social capital approaches on leaders' effectiveness.

Conclusion

The complex and dynamic nature of today's organizations and external environments require significant leadership prowess. The dominate focus in developing human capital has resulted in very effective leaders making a difference in many organizations. However, in order for organizations to fully develop their leadership capabilities, active nurturing of social capital elements such as building relationships, fostering trust, goodwill, and reciprocity is critical. The successful twenty-first century organizations will be the ones with leaders that not only have the knowledge, skills and abilities to operate effectively but also possess the relational capabilities to partner with others to realize their vision and goals.

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