



**Company
Pride
Platform**

Corporate Networks; Natural Allies for Human Resource Management

© 2010 Lin McDevitt-Pugh MBA

BY

LIN MCDEVITT-PUGH

This article is based on research conducted by Lin Mcdevitt-Pugh as part of her Masters in Business Administration dissertation.

The research was sponsored by
THE COMPANY PRIDE PLATFORM FOUNDATION

Postbus 59238, 1040 KE Amsterdam,
www.companyprideplatform.org

Corporate networks natural allies for human resource management

© 2010 Lin McDevitt-Pugh MBA

Companies have a potentially rich resource in house: the networks of their employees. Most companies barely scratch the surface of what they can do with the informal networks of their employees, and most do not even fully commit to getting the most out of their formal employee networks. This is a finding of recent research into how corporate gay and lesbian networks and human resource departments work together in six large multinational corporations in the Netherlands¹. What the networks can offer, if managed as network resources, is the holy grail of human resource management: centers of innovation creating unique knowledge that gives the company an edge on its competitors.

This article reports on the findings of research to see whether a business case can be made for corporate LGBT networks in the Netherlands, from a Human Resources (HR) perspective. The study found that corporate LGBT networks contribute in five ways to HR strategies.

- Corporate LGBT networks contribute to finding the right people for the company
- LGBT networks help utilize employees
- LGBT networks build social capital
- LGBT networks create economic and reliable business resources
- LGBT networks link and leverage knowledge within the company.

It also found that both networks and HR believed that more mileage could be gained from the networks if

- The networks are used more in recruitment strategies
- The networks more purposefully act to build bridges
- The networks are used in leadership development

Being gay in the Netherlands

Six percent of men and five percent of women in the Netherlands identify themselves as homosexual or bisexual (Kuyper 2006). Legally, all forms of discrimination against gays and lesbians are outlawed. The most recent legislation addressed family law, making it possible for homosexual people to marry and to form families, breaking down one of the strongest social markers of difference between straight and gay citizens.

¹ McDevitt-Pugh, L.J. (2008) "LGBT Corporate Networks in the Netherlands: An Exploration", MBA dissertation, Henley Management College, UK

Socially, this sexual minority enjoys an increasing degree of tolerance. A longitudinal study into the acceptance of homosexuality in the Netherlands, which began in 1965, indicates that the majority of the population has an increasingly positive attitude toward homosexuals (Keuzenkamp 2006).

Despite the positive legal environment and the improving social environment, a large proportion of homosexual employees in Dutch transnational corporations (TNCs) keep their sexuality secret (Paassen 2008). Being “out” can affect careers, be life threatening to employees on expatriate postings, and lead to exposure to lewd comments on the work floor. A level playing field for gay and straight employees does not yet exist in the Dutch work force. The negative working environment for homosexual employees also has an effect on the companies, because of loss of productivity, the inability of the company to move talent where it is needed, and work place relations.

Gay, lesbian, bisexual and transgender (LGBT) employees in a number of Dutch TNCs have seen the opportunity to merge company and employee interests and have formed company-wide LGBT networks. Most of the networks present themselves as a newly emerged stakeholder group and aim to define and work with their companies to address Human Resource Management (HRM), marketing, communication and corporate social responsibility issues. The Dutch government welcomed as partners in instituting legislation (OCW 2007, Paassen 2008).

Defining a business case

Popular as the term may be, a common agreement on the definition of a business case does not exist. As one vendor of business programs advertised on its website: “Most important business decisions today require a business case. Everyone talks about the “business case”, but surprisingly few people know what this means or what makes the difference between a strong case and a weak case” (Carleton 2008). From a scan of management literature databases to a search of the internet, authors discuss business cases more often than they define what they mean by business case. Given the variety of interpretations of what a business case could be, the author chose a definition of “business case” that is closely aligned to that used by respondents to the Dutch corporate LGBT networks research. The original question was redefined, to see whether “a convincing argument for an LGBT networks could be made that demonstrates the added value to the profit of a company from an HR perspective, with concrete examples”.

Human Resource Management and Competitive Advantage

The way an LGBT network can and does relate to HR in the organization is influenced in part by the company’s own human resource management practice. Boxall and Purcell (2000) argue that human resource management includes anything and everything associated with the management of employment relations in the firm. Porter (1985) asserts that human resource management affects competitive advantage in any firm, through its role in determining the skills and motivation of employees and the cost of hiring and training. The following section reviews current theory on human resource management.

Approaches to HRM

Two popular approaches dominate the human resource management landscape. One is the contingency or fit approach, promulgated among others by Guest (1989). It distinguishes four policy goals for HR:

- Strategic integration – ensuring that HR is fully integrated into strategic planning, that HR policies are coherent, that line managers use HRM practices as part of their everyday work;
- Commitment – ensuring that employees feel bound to the organization and are committed to the high performance via their behaviour;
- Flexibility – ensuring an adaptable organization structure, and functional flexibility based on multi-skilling;
- Quality – ensuring a high quality of goods and services through high quality, flexible employees.

This approach focuses on the practices – the means of competitive advantage. Its critics doubt that particular human resource practices can be the source of competitive advantage; after all, if a practice can be replicated elsewhere it will not provide competitive advantage (Torrington and Hall 2002). Additionally, it does not sufficiently address the role of the employee as stakeholder, a proportion of whom hold strategic power (Boxall 1996). It does not recognize the need to align employee interests with the firm or comply with prevailing social norms and legal requirements (Boxall 1996). Ultimately, this focus struggles to take into account changes at levels beyond the firm, involving the state and wider patterns of economic and social development.

The second approach focuses on the source of competitive advantage. This is the resource-based approach. Barney (1991) identified four attributes of firm resources that contribute to competitive advantage:

- a resource must be valuable, in the sense that it exploits opportunities and/or neutralizes threats in a firm's environment;
- it must be rare among a firm's current and potential competition;
- it must be imperfectly imitable and
- there cannot be strategically equivalent substitutes for this resource that are neither rare or imperfectly imitable.

These attributes of firm resources can be thought of as empirical indicators of how heterogeneous and immobile a firm's resources are and thus how useful these resources are for generating sustained competitive advantages.

In the resource-based approach, HR policies and practices may be valuable because they are socially complex (competitors may not be able to replicate the diversity and depth of linked processes that sustain them) and historically sensitive (it takes time, for example, to build high levels of workforce trust) (Barney 1991). A resource-based approach to HR focuses not just on the behavior of the human resources but on the skills, knowledge, attitudes and competencies that underpin this behavior, and which have a more sustained impact on long-term survival than current behavior (Torrington and Hall 2002; Boxall and Purcell 2000).

HRM theories for managing competitive advantage

Boosted by the publication of the report “The War for Talent” (Chambers et al. 1998), when companies were admonished to “elevate talent management to a burning corporate priority” by “refining recruitment, employee value proposition, development, and compensation of top talent simultaneously”, the resource-based HRM approach has spawned a number of theories on managing for competitive advantage. Lepak and Snell (1999) advocate for implementing an HR architecture that addresses the differences between different kinds of employees. They define four types of employee, all of which are important to the company but differ in the degree to which they support the competitive advantage of the company. Lepak and Snell argue that all employees should be managed according to what is appropriate to their position in the HR architecture. The most valuable and unique human resource assets are people that have idiosyncratic knowledge that is developed within the structures of the company and cannot be transferred out of the company if the employee leaves. Retaining the right people is crucial to this approach.

A second theory takes the structure of the firm as its starting point and is resource-based. Promoted by Bartlett and Ghoshal (2002), this theory argues that sustainable competitive advantage is built when talented employees are engaged, empowered and committed. Bartlett and Ghoshal advocate for hierarchy to be replaced by networks, bureaucratic systems by flexible processes and control-based management by coaching relationships. They subscribe to two key HR activities. First, a company must actively link, leverage and embed pockets of individual-based knowledge and expertise, or risk underutilizing it or losing it. Secondly HR must help management develop an engaging, bonding and motivating culture to attract and keep talented employees.

In a more recent theory, Morton et al. (2006) argue that world class product development is key to competitive advantage, so if a company is to compete effectively in global markets, it needs to be proficient in developing world class products. Organizational adaptability, learning processes and intellectual capital play a central role in this capacity to operate on the world market. Morton et al. studied the global aerospace industry and argue that the most fruitful environment for developing products is dynamic teams and networks. Other authors confirm this finding, asserting that formal and informal networks increase an organization’s capacity for managing change and innovation, making them highly suited to pursuing product development in the dynamic market environment (e.g. Drucker 1998, Bartlett and Ghoshal 2002, Western et al. 2005, Charan 1991, and Tsai and Ghoshal 1998).

Employees and the value proposition

Employees have the ability to provide the key resources the company needs to gain competitive advantage, and will contribute to the company if they so desire. Boxall (1996) asserts that when there is a strong alignment between business and employee interests there is a motivational basis to develop superior productivity in the short-run and secure the employees likely to play a decisive role in the long-run direction of industry change. This goes beyond values an employee has, it also

includes intrinsic and extrinsic rewards consistent with their perception of their contribution to the firm. From the perspective of employee values, Handy (1994) asserts that employee engagement and employee motivation will increase when the company is aligned with changes in attitudes in society.

The discussion above offers several opportunities for framing a business case for LGBT networks relative to HR issues. One is to look at the contribution of LGBT networks to the attraction, recruitment, retention and development of various categories of employees. Another is to look at how the networks contribute to embedding knowledge and engaging, empowering and ensuring the commitment of the employees.

There is a wealth of literature– and increasingly more in management studies – on how networks add value to businesses.

Introducing network theory

Networks can take on a myriad of forms. Typically, firms and individual actors are embedded in a variety of formal and informal professional, social and intellectual exchange networks (Granovetter 1983). Each network has its own culture consisting of the norms and values held by network actors and communicated through interpersonal communication processes (Schein 1992; Rogers 1995). Maak (2007) defines networks as an enduring exchange between organizations, individuals and groups.

Network analysis, also known as social network theory, is the study of how the social structure of relationships around a person, group, or organization affects beliefs or behaviors (Twente 2008). Scott (2000) brought the many strands of network analysis together in an analytic framework, and developed a method for monitoring the effect of networks. Drawing on a variety of topics including kinship, community structure, corporate interlocks and elite power studies, his method uses relational data and is now widely used to follow the formation of ‘cliques’, to measure the density of whole networks and to track the breadth of networks (Scott 1996).

The study of networks is gaining attention as a business phenomenon. It took off with an article by Watts and Strogatz in 1998 (Watts 2004) arguing that networks are neither completely ordered nor completely random. The authors show that by utilizing network theory, companies can learn how people share information, and can tap into a resource that is much more effective than advertising, at a fraction of the cost. Lengnick–Hall and Lengnick–Hall (2003) argue that the contribution of HR to the bottom line of the company will increase when the whole web of relationships that occur in and across organizations are utilized. They suggest using network analysis to identify employees who play important roles in their informal groups.

Networks create resources

A considerable body of literature is dedicated to researching the value–creating aspects of networks.

Networks are crucial in the development of social capital. Social capital has been defined as the set of features that enable people to act collectively: the networks, relationships, norms, trust and thus the goodwill inherent in social relations (Maak 2007). Nahapiet and Ghoshal (1998) define social capital as the sum of the actual and potential resources embedded within, available through, derived from the network of relationships possessed by an individual or social unit. As Morton et al. (2006) showed in their study of relations between employees and between employees and clients, the quality of the company's social capital influences the ability of the company to do business. Guthridge, Komm and Lawson (2008) assert that inclusiveness in social networks affects how people work, and that talent as well as steady employees work more effectively when they operate in vibrant internal networks with a range of employees. Performance suffers when such social networks are absent or withdrawn. Strong networks, they argue, also help retain fickle young Generation Y professionals (Guthridge, Komm and Lawson, 2008).

Nahapiet and Ghoshal (1998) identify three levels at which networks create value:

1. At a structural level

Granovetter (1983) studied the actual and potential resources of networks and concludes that networks are composed of weak ties and strong ties. He found that a network with only strong ties is highly encapsulated (for example, poor people living in isolated slums, or scientists protecting their bastions) and does not benefit from external knowledge and services. The value and strength of weak ties is the possibility of connections to other social systems. Weak ties are critical to the ability of networks to access new sources of information and new resources (Toke and Marsh 2003; Tsai and Ghoshal 1998; McBain 1999; Nahapiet and Ghoshal 1998). These resources include access to other networks, specific information, access to decision makers, access to public opinion (Marsh 2003) and social capital.

2. At a relational level

The degree of trust that exists between members of an organization can be used as an indicator of the level of social capital that an organization possesses (Knack and Keefer 2000). Group obligations (Bourdieu 1989), strong ties (Granovetter 1983) and psychological protection (Boissevain 1974) provide a sense of trust and dependability. Granovetter (1985) notes that strong ties, for example relations between employees that extend beyond the work floor, provide important benefits to the company. Jack claims that the information and support gained through strong ties in networks is cheap, it is more trustworthy because it is richer, more detailed and accurate, and it is a reliable economic resource because it comes from a continuing relationship (Jack 2005). Studies show that when informal coalitions form into cohesive work groups and the norms incorporate the goals of management, productivity rises (Karathanos 1994). Social networks can be managed, as the Morton et al. (2006) case study of the global aerospace industry highlighted, to produce the results the company needs.

Networks can enhance trust but they can also diminish trust. Informal networks in the company setting can also create mistrust, shades of trust and exclusion (Kochan et al. 2003). Under these circumstances information will not flow where it is needed.

Mistrust contributes to barriers between “insiders” and “outsiders” in an organization. In a company where “fit, white, heterosexual and male” (Benschop 2007) is used as the norm in developing HR policies, being female, from an ethnic minority, gay or physically handicapped can cause a person to become an “outsider” both in relationships and in the way company policy applies to them. In her research on the value of women’s and ethnic networks to women’s career development, Konrad (2007) concludes that black women have limited access to informal networks in the company, making it likely they will be forced into out-group status in managerial social networks. Rothstein et al. (2001) compared the internal and external networks of women and men in management in three large organizations and found that these networks were typically gender-segregated. Women had fewer links to senior managers in the organization, who were predominantly male.

3. At a cognitive level

Nonaka found that individuals with contacts that span boundaries within and outside the organization bring resources into the organization but also help to develop the resources within the organization (Nonaka 1994). Organizational knowledge is created through a continuous cross-fertilization of tacit and explicit knowledge that takes place through networks of actors within an organization and through networks within an industry (Nonaka 1994). This echoes partly what Senge (1990) claims is the starting point of a learning organization, encouraging dialogue between people and helping them to expand continuously their capacity to create the results they truly desire.

The Makings of an HR Business Case for LGBT Networks

Extrapolating from the review of current management literature, competitive advantage and network theory provide opportunities for building a business case for LGBT networks in Dutch TNCs. The question is: are the networks in practice contributing in the way they could, in theory, be contributing to the goals of HRM in their companies. This was the question at the heart of the research project.

Research Methodology

The people that could provide the most relevant information for this research are leaders of the networks and HR representatives of their companies. They hold privileged information relating to the business case for LGBT networks.

A questionnaire was designed to gather comparable information on the contribution of networks to HR strategies for competitive advantage. The questionnaire gathered both factual information and opinions. The questionnaire was designed to be answered by HR representatives and network leaders. A third category of respondent was introduced, network members, to triangulate these responses. These were network members, who are people with a privileged insight into how the networks operate on the ground. The general framework for the questions was based on the seven HR strategies derived from the work of Lepak and Snell (1999) and Bartlett and Ghoshal (2002) and on the potential of networks to contribute to companies at a structural, relational and cognitive level (Nahapiet and Ghoshal 1998).

In addition semi-structured interviews were conducted to gather specific information on how the networks operate within their company HR strategies.

The participants

The research took place between May and August 2008. Six corporate LGBT networks, all of whom participate in the Company Pride Platform², were contacted to participate in the research. 27 respondents from six companies completed the questionnaire and two respondents partially completed it. 21 respondents represented networks and six respondents represented HR.

Five of the interviewees represented HR, three of whom also represented the network in their company. In total 11 employees from 6 companies were interviewed.

Limitations of the research

This study of corporate LGBT networks in the Netherlands is unique, with no “shoulders to stand on”. It is an exploration, and does not lend itself to extrapolation. It does not embrace all aspects of corporate LGBT networks and HR issues. It does not compare how well the LGBT networks contribute relative to other diversity networks active in the companies. The research is not a full audit of the contribution of each individual network to the company’s HR strategy, and the conclusions do not assess whether there is a business case to be made for a LGBT network in a particular company in the research. The results are unique to the companies in the research group.

Research Findings

Tallied up together, the six companies in the research have almost one million employees worldwide. Between five and six percent – that is, more than 50,000 of these people – are gay, lesbian, bisexual or transgendered (applying Kuyper 2006). The LGBT networks are open to all employees, including contractors working on site. Some of the networks operate internationally, others nationally. Yet only a fraction, 563 people, of the membership potential is actually a member of a Dutch corporate LGBT network.

Six diversely structured networks with different foci and differing approaches participated in the research. Two of the networks were being developed both as internal affinity building spaces and as a partner with their company in interacting

² A number of corporate LGBT networks in the Netherlands have formed a ‘network of networks’ to support the development of the networks in the companies. This is the Company Pride Platform.

The research underlying this study was conducted in 2008 and sponsored by Company Pride Platform. The research was conducted in partial fulfillment of the requirements of the author’s MBA at Henley Management College, Reading University, UK and was awarded the highest mark.

To contact the author, write to mcdevitt-pugh@netsheila.com . The full dissertation is available at www.netsheila.com. The author provides one-day network trainings to networks and companies.

for the benefit of the company with the external environment. The network in a third company was seen by the company as an integral part of company life, an opportunity to engage people, seeing their values and interests as a strength that is advantageous to the company. The network in the fourth company was not actually functioning as a network but as a point of consultation for LGBT employees. In that company, the network is firmly embedded in the company LGBT inclusion structure, but the degree to which the activities it organizes can really be called network activities (with the advantages described in the theory) is debatable. The network in the fifth company has a solid core that links together LGBT employees with the purpose of improving the working environment for LGBT people – and in so doing increasing the contribution LGBT employees can make to the company. This network sparingly brings in resources from the external environment, but it uses its network to research issues LGBT employees experience and delivers the results to HR for action. Finally, the network in the sixth company has a small, strong central core that sporadically involves its network in activities that are intended as enjoyable for the network members and advantageous for the company.

Despite all the differences, each of the networks has developed itself as a quality contribution to the company. They are players in the HRM strategies.

This study found that corporate LGBT networks contribute in five ways to HR strategies.

1. LGBT networks contribute to finding the right people for the company

This present research indicates that the LGBT networks understand that somewhere between five to six percent of the “right people” for the company (Barney 2000) will be gay, lesbian, bisexual or transgendered, and that to attract them and develop them companies have to shift the dominant “fit, white, heterosexual, male” (Benschop 2007) paradigm. The research also indicates that the some of the networks are organized to attract employees that are not carbon copies of each other if they are to be successful and innovative in today’s markets, as admonished by Howard (1990).

The networks help attract young talent. “The Generation Y’s do their entire job research through internet” one network leader said, adding that Generation Y’s are looking for companies that are networked. This generation says “I don’t have to do it by myself, I can do it with other people”, said one of the HR respondents. “They need to know more people in the company. For that you need networks.” “If that kind of networking is the kind of thing that impassions them, that excites them, that is the way they get things done, then we need to somehow figure out a way through our networks to build that in as part of our business model,” another HR respondent said,

A major focus of several of the networks in this study is Canal Pride, an annual event held on the water in Amsterdam. Canal Pride is fun, exuberant and has a pro-gay message. Company 6 elected to sponsor and participate in Canal Pride 2008 for recruitment purposes. With 400,000 people watching, and chances for free media coverage, “It is good for the image of the company”, the company’s network leader

said. “I know of some people who joined the company because there is a network.” The networks contribute to influencing public opinion that the company is a good place for LGBT to work. The most important recruitment publication in the Netherlands, *Intermediair*, profiled the LGBT network leaders of two companies after Canal Pride. The two-page spread (Paassen 2008) sent a clear message that these companies welcome and value LGBT employees. The presence of the corporate networks generates visibility for the company on the day, and positive coverage in mainstream and industry media. HR and network respondents firmly believe this is good for business and good for recruitment strategies.

2. LGBT networks help companies utilize employees

The study showed that while line managers are responsible for ensuring that the employees perform in their jobs, the LGBT networks utilize the employees beyond the relationship defined in the professional contract. For example, on the Canal Pride boats, employees become recruiters and marketers and secretaries become managers. Some employees become researchers when they research the impediments to career development of gay employees. In two companies the networks are used in marketing strategies.

The networks have been developed to some extent as information sharing spaces on marketing issues and company products, and on business processes, but not on HR-related issues or other company related issues.

3. LGBT networks build social capital

The LGBT networks are contributing to developing the social capital of their companies, by enabling people to act collectively, for the benefit of the company.

The networks were primarily created to support individuals and promote inclusiveness. The networks are looking at what inhibits inclusiveness, and working to address this, as well as at what promotes inclusiveness, and working to provide this. The study shows that most members and network leaders find the networks to be safe spaces, although leaders report that members sometimes struggle between being publicly involved in the network and feeling they are risking their career by being out.

All the networks report that LGBT employees use the networks as spaces for sharing information relating to external constraints they experience because of their sexuality. Members can join most of the networks anonymously. Network leaders find that these members disclose information, particularly on workplace discrimination; they would not provide if their identity was known. As Kochan et al. (2003) and Konrad (2006), discussed, workplace discrimination has a negative effect on productivity and as Konrad (2006) noted, if these problems are left unattended they will lead to high turnover of employees, less commitment to the organization and negative behavioral and attitudinal outcomes. Through the network members, data about the experiences and concerns of LGBT employees has become available that would not have become available without the networks. Five of the six LGBT network leaders see their role as translating data they receive into information they can feed to HR. In a number of companies, HR is acting on this information. In one

company, HR has made the link between the high cost of disengagement (Gallup Management Journal 2001) and workplace discrimination as reported by the network. It is now utilizing its LGBT network to investigate why people come, why people stay and why people leave. In a second company, the network is part of an elaborate system to pinpoint and act on barriers to engagement, such as discrimination. Company lobbyists in one of the companies are working to change US legislation on issues affecting gay US citizens working outside the US, after receiving information from the network on discrimination practices in US immigration law.

The research provides evidence that some LGBT people, and particularly transsexuals, stay in a company because there is a network. It is also clear that gays, lesbians and bisexuals weigh the fact that there is a corporate LGBT network in their decision to stay with their company, although most agree that being a member of a company LGBT network is not a compelling reason to stay in the company.

4. LGBT networks create economic and reliable business resources

Bartlett and Ghoshal (2002) observed that, “the company is more than a mere economic entity; it is also a social institution through which people acting together can achieve meaningful purpose”. The LGBT networks build trust, and act on the trust to share information with each other and with other parts of the organization. This trust translates into economic and reliable business resources, which contributes to the competitive advantage of the company, for example by creating communication pathways, sharing information relating to HR issues, marketing issues and company products between different sections of the company.

5. LGBT networks link and leverage knowledge within the company

The companies are starting to tap into the knowledge and the external networks of the networks, a phenomenon that Toke and Marsh (2003) and Tsai and Ghoshal (1998) claim are to the advantage of the company. The main use of the external knowledge and networks is around recruitment issues and utility issues. The Company Pride Platform plays a significant role in developing knowledge that is specific to the issue of homosexuality in the workplace, and at conferences and meetings networks share data and statistics that are helpful to all their companies. An example is the concept of “The Cost of Thinking Twice”, which argues that a level playing field generates a positive effect on workplace productivity. This theory was developed in one of the companies and is now used by four networks as an argument for improving working conditions for LGBT employees.

What is missing, that could be happening

The respondents indicated that HR departments and the networks could be doing more together. Most of the companies in this research have only just begun to involve LGBT networks in this development.

1. LGBT networks can be used more in recruitment strategies

The companies and the networks acknowledge that network members are portals to external communities where potential talent exists, as discussed by Granovetter

(1985), Scott (1991) and Morton (2006). What is missing is an understanding in the companies and the networks of the potential of LGBT networks to cut costs and increase effectiveness in recruitment strategies. “Chaos theory” (Hanley 2008) argues that social networks have a greater capacity to connect the company to the individuals it needs than most forms of advertising. Used more effectively, says an HR person, the network could produce better results than advertisements, arguing “It’s all about who you know within your network and how you can get more people interested in [the company]. The labor market is getting so hard you need the network.” Respondents in the study argue that companies could use the networks more to access Generation Y, as well as talent, potential specialists, contractors and trustworthy market-based staff. Employees that are recruited through personal networks come with a ready-made relationship with the company that can positively affect their engagement and their motivation, as MacGillivray and Golden (2007) found from their research on managing and leveraging diversity.

One of the network leaders would like to go to universities and recruiting events “and actively promote the fact that we are here” because, strategically, it is easier to ensure that you get the kind of people into the company that you want in the company, than to change the way 65,000 employees think. “When we are bringing people in, lets not bring in the same old problem”.

2. Networks can build more bridges

The research shows the networks believe they have connections to other social systems. Toke and Marsh (2003), Tsai and Ghoshal (1998) and Nahapiet and Ghoshal (1998) found that connections to other social systems gives access new sources of information and new resources. While such activities as Canal Pride and marketing pilots are examples of how the networks are using other social systems, there is no indication that the networks are systematically exploring ways to use the social capital for the benefit of their company.

Internally, networks do not fully utilize their ability to disseminate information across businesses within the companies. Some network leaders have plans for utilizing this facet of network potential, such as those of one network leader for ‘speed dating’. Respondents argued that active LGBT network intranet sites could reinforce HR strategies and engage network members in exchanging information.

Lengnick–Hall and Lengnick–Hall (2003) and Bartlett and Ghoshal (2002) found that people need networking skills to link and leverage each other’s knowledge. Networking is a business skill and people need to be trained to network well. None of the networks receives or organizes training in networking skills. Even informal gatherings are not regarded by the members as places to learn and practice network skills. Company networks organizing social events rarely accommodate the fact that many potential and actual members do not live and work in the same city as the network leadership. Informal opportunities to network are not being developed as such, and formal network events are not structured as opportunities to learn more about the work of other network members.

3. LGBT networks could be used more in leadership development

According to management guru Peter Drucker (1990), the most effective way to develop an organization is to develop its people. None of the network leaders have a professional contract with the company to be a network leader and none of the network leaders in this study receives formal leadership training for their role as network leader. What is missing is adequate training for LGBT network leadership, as a mechanism for supporting the leadership and at the same time advancing the potential of the networks.

Conclusions and Recommendations

From this exploratory research, it is possible to make a convincing argument – a business case – that corporate LGBT networks contribute to corporate HRM strategies for competitive advantage. It is not possible to quantify this contribution to prove that the networks contribute to the profitability of the companies. However, if the reader can agree that the approaches of Lepak and Snell (1999) and Bartlett and Ghoshal (2002) to competitive advantage through HRM are legitimate, then this study concludes that the corporate networks contribute to these approaches.

A business case requires concrete examples. From this study, four concrete examples of LGBT network contribution to HR strategies for competitive advantage emerged.

- Networks research issues that impede LGBT employees from engaging fully in the work environment, and pass the knowledge on to HR for action.
- Networks participate in public events such as the Company Pride Platform and Canal Pride, engaging employees from all businesses within the corporation in public relations, marketing and eventually in recruiting activities.
- Networks offer safe spaces for LGBT employees, offering LGBT employees a launching pad for bringing their full self to work, and offering a safe environment for disclosing experiences of the absence of a level playing field in employment conditions.
- In a tight talent market, LGBT networks show 5%–6% of the potential talent pool – LGBT people – as well as straight people who value working in a diverse environment, that the company is a place where LGBT employees are welcome. This provides the company with a competitive advantage over others in the industry that do not communicate this message.

The networks could do more. Most of the LGBT networks in this study are precocious and keen to align themselves with the goals of their companies, but few HR representatives and network leaders understand the full potential of networks in the corporate context. For the company to benefit fully, five activities are recommended.

- First, using the findings of this research, networks can audit their activities based on the five ways LGBT networks contribute to HR strategies. The Company Pride Platform can be used as a space for sharing information on how to implement each of these five contributions, and networks wanting to learn more about how a network from another company set up their activity can be mentored by network members from networks that have successfully implemented these activities.
- Second, HR strategists and the LGBT network need to sit down and map out together how to concretely work together to benefit from the potential of the networks. Of particular concern is to develop strategies to increase the agency of network members, as it is this space of self-motivated creativity that the greatest advantages in networking can be had. Where appropriate, HR departments can drive the developments, as this will free time of the network leaders to concentrate on developing the networks.
- Third, as networks rely on inspired and motivated members, network leaders should develop the networks as both social and professional networks. Maintaining the network is a skill. Networks are advised to develop and implement a training syllabus. The training will include leadership training and training in the specific HR strategies of the company for network leaders. Regular network skills training for members and leaders will also be a part of the syllabus.
- Fourth, networks should audit their activities to assess whether all their activities can be done by employees next to their 'day jobs', or whether support staff are needed for ongoing activities. It is recommended that the network and HR strategists map out ways of compensating employees for their contribution to company HR strategies through their network activities. Where possible the contribution can be recognized in employee performance goals. Compensation may be in the form that services the company, the employee and the network, such as providing a mentor for the employee's further career advancement, or giving the employee the opportunity to participate in an external LGBT conference.
- Fifth, networks should benchmark their activities against other corporate LGBT networks in similar economic and legislative environments.

There is need for further research. This present research was exploratory. Action research can be undertaken, for example, to see whether the groundbreaking work on chaos theory by Duncan Watts (2004) can be applied to corporate LGBT

networks. Some marketers use Watts social network theory³ to drastically cut advertising costs and at the same time increase profits. For the HRM practices of companies with LGBT networks, similar dramatic cost savings with increased effect may be possible. In these times of economic recession, companies need their networks and they need to utilize them fully.

³ Famously among the companies that make use of social network theory is Zara, which does not spend any money on advertising (see Hanley 2008)

List of References

- Barney, J (1991) "Firm Resources and Sustained Competitive Advantage" in *Journal of Management*, March, Vol. 17 No. 1 pp 99-120
- Bartlett, C A and Ghoshal, S (2002) "Building Competitive Advantage Through People" in *MIT Sloan Management Review*, Winter pp 34-41
- Benschop, Y (2007) "Van Lippendienst tot tegengas. Een kritische benadering van gender in organisatieverandering". Nijmegen: Thieme Media Centre at http://www.ru.nl/genderstudies/over_het_igs/docenten_en/benschop_yvonne/ Accessed on 30 November 2007
- Boissevain, J F (1974) *Friends of Friends*. Blackwell: London, cited in Braun, P (2003) *.comUnity: A Study on the Adoption and Diffusion of Internet Technologies in a Regional Tourism Network*. Unpublished doctoral dissertation, School of Business, University of Ballarat, Australia
- Bourdieu, P (1989) "Social Spaces and Symbolic Power", in *Sociological Theory*; Vol. 7 No.1 pp 14-25
- Boxall, P (1996) "The Strategic HRM Debate and the Resource-Based View of the Firm" in *Human Resources Management Journal* Vol. 6 No. 3 pp 59-75
- Boxall, P and Purcell, J (2000) "Strategic human resource management: where have we come from and where are we going?" in *International Journal of Management Reviews*; June, Blackwell Published Ltd pp 183 – 201
- Carleton (2008) <http://www.carleton.ca/ppd/seniorprog/bcase.htm> accessed on 21 February 2008
- Chambers, E.G, Foulon, M, Handfield-Jones, H, Hankin, S.M, & Michaels E.G. III (1998) "The war for talent" in *The McKinsey Quarterly* No 3 pp 44-57
- Drucker, P.F (1990) *Managing the Nonprofit Organization*, Collins Business
- Gallup Management Journal (2001) "Gallup Study Indicates Actively Disengaged Workers Cost U.S. Hundreds of Billions Each Year" <http://gmj.gallup.com/content/466/Gallup-Study-Indicates-Actively-Disengaged-Workers-Cost-US-Hundreds.aspx> accessed on 29 August 2008
- Granovetter, M.S (1983) "The strength of weak ties" in *Sociological Theory*, Vol. 1, pp 201-233
- Granovetter, M.S (1985) "Economic Action, Social Structure, and Embeddedness", *American Journal of Sociology*, 91, pp 481-510
- Guest, D (1989) "Personnel and HRM: can you tell the difference?" In *Personnel Management*, January. Cited in Torrington, Hall and Taylor, *op cit*.

- Guthridge, M, Komm, A.B, Lawson, E (2008) "Making talent a strategic priority"
In *The McKinsey Quarterly* August
- Handy, C (1994) *The Age of Paradox*, Boston, Massachusetts: Harvard Business School Press, Boston, Massachusetts
- Hanley, M (2008) "Chaos Theory", in ARF Boss Aug. 2008, pp 64-67, *accessed via miked11.files.wordpress.com/2008/07/watts.pdf on 24 October 2008*
- Howard, R (1990) "Values make the company: An Interview with Robert Haas" in *Harvard Business Review*, September-October pp133-144
- Jack, S.L (2005) "The Role, Use and Activation of Strong and Weak Network Ties: A Qualitative Analysis" in *Journal of Management Studies*; 42:6 September pp1233-1259
- Karathanos, P H (1994) "Communication Network Analysis and Dysfunctional Organizational Coalition" in *Management Decision* Vol. 32 No. 9 pp 15-19
- Keuzenkamp, S (2006) "Monitoring van sociale acceptatie van homoseksuelen in Nederland", Sociaal Cultureel Planbureau, Den Haag
- Knack, S and Keefer, P (2000) "Does Social Capital have an Economic Payoff?" in *Quart. J. Econ.*, Vol.112 No. 4, pp1251-1288
- Kochan, T, Bezrukova, K, Jackson, C, Joshi, A, Jehn, K, Leonard, J, Levine, Thomas, D (2003) "The Effects of Diversity on Business Performance: Report of the Diversity Research Network" in *Human Resource Management*, Spring 2003, Vol. 42, No. 1 pp 3-21
- Konrad, A (2006) "Leveraging Workplace Diversity in Organizations" in *Organization Management Journal; Linking Theory & Practice: EAM White Papers Series* Vol. 3, No. 3 pp 164-189
- Konrad, A (2007) "The Effect of Human Resource Management Practices for Promoting Women's Careers" in *Handbook on Women in Business and Management*, eds Diana Bilmoria and Sandy Kristin Piderit, Edward Elgar, Northampton USA
- Kuyper, L (2006) "Seksualiteit en seksuele gezondheid bij homo- en biseksuelen" in *Seksuele gezondheid in Nederland* F. Bakker and I. Vanwesenbeeck, I 2006, RNG-studies nr. 9 Eburon, Delft
- Lengnick-Hall, M.L and Lengnick-Hall, C.A (2003) "HR's role in building relationship networks" in *Academy of Management Executive* Vol. 17, No. 4 pp 53-63
- Lepak, D.P and Snell S.A (1999) "The Human Resource Architecture: Toward a theory of human capital allocation and development" in *Academy of Management Review* Vol. 24, No. 1 pp31-48
- Maak, T (2007) "Responsible Leadership, Stakeholder Engagement, and the Emergence of Social Capital" in *Journal of Business Ethics* 74:329-343

- MacGillivray, E and Golden, D (2007) "Global Diversity: Managing and leveraging Diversity in a Global Workforce" in *International HR Journal*; Summer 2007. West, a Thomson business pp 38-46
- Marsh, D and Stoker, G (2002) Theory and Methods in Political Science, Palgrave Macmillan, Houndsmills. Second Edition
- McBain, R (1999) "Managing Human, Social and Intellectual Capital for Competitive Advantage" in *Henley Manager Update*; 10 (4), Summer, pp 22-33
- Morton, S.C, Dainty, A.R.J, Burns, N.D, Brookes, N.J & Backhouse, C.J (2006) "Managing relationships to improve performance: a case study in the global aerospace industry" in *International Journal of Production Research*, Vol. 44, No 16 August
- Nahapiet, J and Ghoshal, S (1998) "Social Capital, Intellectual Capital, and the Organizational Advantage", in *Academy of Management Review*; Vol. 23, No.2 pp 242-266
- Nonaka, I (1994) "A Dynamic Theory of Organizational Knowledge Creation" in *Organizing Science*; Vol. 5 No1 February pp14-37
- OCW (2007) "Gewoon homo zijn. Lesbisch- en homo-emancipatiebeleid 2008-2011", Ministerie van Onderwijs, Cultuur en Wetenschap, November 2007
- Paassen, D (2008) "In de kast, uit de kast" in *Intermediair* 14-08-2008
- Porter, M (1985) Competitive Advantage New York: Free Press
- Rogers, E.M (1995). Diffusion of innovations (4th ed.). New York: The Free Press. Cited in Braun, P (2003) *op cit*.
- Rothstein, M.G, Burke, R.J, & Bristor, J.M (2001) "Structural Characteristics And Support Benefits In The Interpersonal Networks of Women and Men in Management" in *International Journal of Organizational Analysis*; Vol.9, No 1; pp 4-25
- Schein, E.H (1992) Network culture: Organizational Culture and Leadership San Francisco: Jossey Bass
- Scott, J (1991) "Networks of Corporate Power: a Comparative Assessment" in *Annual Review of Sociology*; 17 pp181-203
- Scott, J (1996) "A Toolkit for Social Analysis" in *Acta Sociologica*; Vol. 39
- Scott, J (2000) Social Network Analysis; a handbook. London: Sage Publications 2nd edition
- Senge, P (1990) The Fifth Discipline: the art and practice of the learning organization. London: Century Business, Random House
- Toke, D and Marsh, D (2003) "Policy Networks and the GM Crops Issue: Assessing the Utility of a Dialectical Model of Policy Networks" in *Public Administration*; Vol. 81 No 2 (pp 229-251) Blackwell Publishing Oxford

- Torrington, D, Hall, L & Taylor, S (2002) Human Resource Management, Prentice Hall, Harlow
- Tsai, W and Ghoshal, S (1998) “Social capital and value creation: The role of intrafirm networks” in *Academy of Management Journal*, Vol. 41, Iss.4 August pp 464-477
- Twente (2008) Web page of the Communication and Information Technology Department, University of Twente http://www.tcw.utwente.nl/theorieenoverzicht/Theory%20clusters/Communication%20and%20Information%20Technology/Network%20Theory%20and%20analysis_also_within_organizations.doc/ Accessed on 27 -01-2008
- Watts D.J (2004) “The ‘New’ Science of Networks”, *Annual Review of Sociology*, Vol. 30 pp 243-270
- Western, J, Stimson, R, Baum, S & van Gellecum, Y (2005) “Measuring Community Strength and Social Capital”, in *Regional Studies*; Vol. 39.8, pp 1095-1109