

# How executives drive value from business and social networks

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## Study goal and research method

The goal of this study was to investigate how IT and HR executives are leveraging business and social networks for talent acquisition and professional development. Primary research was gathered via individual interviews with 28 executives representing 24 companies. Secondary research was compiled by literature search.

## Study participants

The interview base was:

- 40% CIO / Vice President IT
- 32% HR Executive / Corporate Talent Acquisition
- 18% IT Director
- 10% Other (e.g. Procurement).

**Definition:** In this paper the term ‘online networks’ is used to refer to electronic networks covering university and company alumni, industry groups and associations, general business networks such as LinkedIn, as well as social networks such as MySpace and Facebook.

## Section 1: Why should I care?

When asked about the importance of participating in an online network, most respondents were surprised by the question. An oft heard quote was “Everyone I know is already on one (networking platform or another)”. This strong and growing pattern of adoption for both broad and industry specific networking sites is a trend executives should not ignore. Many respondents acknowledged that their initial interest had been predominantly social in nature. For them, alumni sites, both academic and company specific, were great vehicles to be found by past friends or colleagues. Secondary research indicates that social networks are also being used for business purposes. A survey of over 600 IT professionals found that they use social networking sites “more often for business than for play” (Brodkin, 2008).

In relation to talent acquisition, interviewees indicated that the value of professional networking on sites such as LinkedIn tends to take three forms:

- Uncovering future opportunities
- Helping to identify trust relationships
- Soliciting referrals for talented individuals an executive may be interested in hiring.

The emerging professional acceptance of 'virtual' resumes is a primary driver explaining the rapid adoption of online networks. This facilitates passive job seekers in posting a chronicle of their work experiences for public viewing within the context of a professional networking site, insulating them from fear of current employer backlash. The difference between this and having one's resume up on a more generic job board, is that online networks are not currently thought of only as job sites.

The technological innovations of the last few years have spawned a number of outlets for those hiring. "Video and virtual worlds, offer far more innovative, targeted and creative ways of reaching active and passive jobseekers" (Furness, 2008). Key considerations for companies wishing to leverage these tools in their hiring process are:

- There is a blurring of the lines between active and passive job seekers
- Being forward thinking is important. For example, organizations that embrace platforms which post satisfaction surveys from company employees (such as vault.com) can gain credibility both among employees and job seekers
- These tools are still evolving and reaching maturity, with some content seen as questionable.

Hiring executives and corporate HR departments thus need to work together to evaluate these tools and agree which are the most mature and suitable for adoption. Most respondents indicated that this activity is not well coordinated at present and the current lack of control over content makes them more difficult to approve at company level.

Though hiring a candidate referred through a social network may seem unorthodox, respondents unanimously agreed that references from their online network hold significant influence. "The true power of a social network in terms of recruitment comes from the trust that is built into an employer recommendation from one acquaintance to another" (Cooper, 2007). Empirical examples support this type of behavior. Research from Best Companies shows that "70% of consumers trust friends, family or other people when searching for information and ideas on products to buy" (Cooper, 2007). This well known relationship between trusted sources and decreased uncertainty explains a lot about the power of these networks and the direction in which they are headed.

## **Section 2: How can I use them?**

This section discusses a variety of ways respondents indicated that they utilize online networks to drive professional value. The primary topics are:

- Information share: leveraging your network to solve complex business issues
- Front end of the hiring process: setting expectations for position requirements
- Back end of the hiring process: vetting 'short listed' candidates.

A hallmark of any well designed site is in-depth search functionality. One can frequently search for other individuals who have certain characteristics (various certifications, past employment at a given company, etc.) and areas of expertise. Many of the IT executives interviewed mentioned that when they run into technical issues, a good source of assistance is their online network. They feel that having this virtual 'brain trust' allows for greater efficiency in resolving complex problems. Even if an immediate contact does not have the answer, they can send it through their own network (without revealing any sensitive data) reaching others that may have encountered a similar problem.

Networking tools can add value at the early and final phases of the hiring process. In the preliminary stages, hiring managers define the duties required of the position, and the skills and experiences that will equip the right candidate to perform them. The 'must have' requirements drafted by the hiring manager tend to be modified through an iterative set of discussions with the HR department and other stakeholders. There is a balancing act between writing a job specification that meets all possible needs, with one that gives enough latitude to establish what the market has to offer, maximizing its chance of being filled.

Networking tools can be used to search for candidates holding similar roles. This can be particularly useful when the role is new or evolving and there is no 'standard' job description.

The benefits of this approach include:

- Gathering empirical evidence of the pre-requisite years of experience needed in the role
- Providing information on responsibilities and level for an analogous position
- Acting as a benchmark against the kinds of backgrounds and skills that have presumably equipped online contacts for their analogous role.

Once a candidate search is initiated, online networks can provide a valuable source of targeted, potential hires. If a hiring manager extends a request for candidate referrals through their network, and encourages direct reports to do the same, it is likely a list of referrals will materialize. Any candidates ensuing will likely have been vetted by at least one individual connected within two degrees of separation to the hiring manager at no charge. Often this can be a valuable augmentation to the established HR process.

Once a short-list of candidates is available, networking tools can provide additional value. Across the board, respondents stated that they liked to see how a given candidate was connected to them on networking sites and also who their peer group was. The common practice of 'Googling' a person would appear to have spread to these sites, with many hiring managers interested in both personal and professional characteristics that may be gleaned.

This is a sort of 'reference check by association' (in some cases leading to additional reference requests) reinforcing the point that executives are more comfortable hiring someone who is a known entity preferably introduced via a trusted advisor.

Candidates thus need to recognize there are advantages and disadvantages of open access to their information:

- Networking sites provide the same kind of 'public domain' information that is available on Google, maximizing exposure
- Candidates choose what to include on these public pages and hiring managers will likely assess them on the presented data, as they will with a resume
- A hiring manager could potentially ask for additional references based on network connections and associations.

In summary, provided hiring managers have a clear view of the candidates they want to attract and what media these individuals consume, networking sites can be an effective support tool.

Respondents who were members of niche (e.g. industry/function-specific) networking sites indicated that they provided considerable value, the primary benefits being:

- Learning of new developments and best practices within their industry or functional area
- A targeted group of associates in their industry to network with
- More targeted job postings than other sites offered.

Many respondents commented that the primary way they learn about new networks is through referrals from members of their current networks. A common practice is to join networks where a majority of one's associates are already found. For example, many of the respondents that joined Plaxo heard about it through their friends on LinkedIn. It was noted however, that to join another site one would have to be aware of a compelling value proposition. As some respondents said "I don't just want to join another LinkedIn, for me to go through the work of re-inviting my friends, getting references, and checking up frequently, there has to be a strong reason".

The majority of executives interviewed were suspicious of social networks like MySpace and Facebook, though some had begun to 'dabble'. Many respondents mentioned that the currently unregulated content on those sites makes them wary of being affiliated. One must be cautious and understand that posted content automatically enters into the 'public domain'. More and more we heard that employers are interested in considering all information available to them on the subject of a candidate's personal and professional credentials. If digital content on social networking sites appears questionable, it is likely to affect the selection process in some way. However, while these sites were initially set up as social utilities, major corporations are now hosting their own pages (e.g. Ernst and Young and Pepsi host Facebook pages) and some sites include job postings. With over 100 Million unique visitors to social networking sites just in the US and UK alone (Edgecliffe-Johnson, Chaffin, 2008), the communities and networks they are creating are beginning to impact the workplace.

### Section 3: Where it's all going?

While this is an emerging space, primary and secondary research indicated certain trends:

- HR departments will come to rely less heavily on proprietary databases of resumes, maintained internally or leveraged through vendors
- As the adoption rate for the major networking sites begins to level off, newer sites will be increasingly pressured to sharply differentiate their value propositions
  - A majority of executives commented that they are reluctant to join “yet another site”. Extrapolating from this sample, it is likely that most people will be engaged in only a handful of sites
  - Niche industry sites should however be immune from this phenomenon since there will always be a sub-group who derive superior utility from targeted content and affiliated members
  - Convergence of functions is already being observed. Several years ago when online networking sites were launched they were done so as ‘pure plays’ (e.g. job boards like Monster were used for recruitment and Gen Xer’s posted content on MySpace for social interaction). As the market has evolved LinkedIn, MySpace and others have started to accept job postings
- The industry is likely to see consolidation and integration. As one HR executive commented “Whoever figures out a way to organize and list all of these sites, thereby allowing for a targeted search campaign leveraging multiple networks, will make a lot of money”.
- Consistent with the academic model referred to as the ‘S shaped curve’ (for expressing the ‘tipping’ points of dominant brands within emerging markets), early and established adopters such as LinkedIn, MySpace and Facebook are likely to maintain their dominant positions, subject to acquisition.
- Advertising will increase. “Small and midsize companies in the U.S. are expected to move more advertising and promotion to social-networking sites in 2008, doubling their investments in sites like Facebook, MySpace and LinkedIn” (Quittner,2008)
- In the coming years, as Gen Y’ers begin to take on management roles, there will be increasing attention and acceptance of ‘public domain’ information sources.

## **Summary and Conclusions**

All executives interviewed are currently using at least one online professional network, a minority are experimenting with social networks though “mostly for fun” at present.

Executives cited that their primary drivers for using online networks were: to connect with former colleagues, uncover future opportunities, solicit referrals for talented individuals under consideration for hire, and for information share (to help solve business problems).

These tools can make aspects of talent acquisition more efficient, enhancing the candidate search and vetting process, but do not replace the overall search and selection process.

Further maturation and control around these tools is likely to be required before whole-scale adoption at the corporate level.

While professional networks and particularly social networks are still in a state of evolution their rapid adoption and increasing functionality means that those who ignore them will become less effective in their own professional development.

## **References**

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Quittner, Josh. (2008). “Connecting With Customers Online: Readers Have Their Say”, Wall Street Journal.

## **About the authors**

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## **Feedback**

We welcome your comments at: [info@peopleassured.com](mailto:info@peopleassured.com) reference: online networks study.

## Appendix

This section includes a sample of networking sites and information sources referenced by study participants.

<b>Accenture</b>	<a href="http://www.accenture.com/Countries/USA/About_Accenture/AccentureAlumniNetwork.htm">http://www.accenture.com/Countries/USA/About_Accenture/AccentureAlumniNetwork.htm</a> - Accenture alumni network which states it has 27,000 registered members in its US online directory alone.
<b>Bebo</b>	<a href="http://www.bebo.com">www.bebo.com</a> - A self described “next generation <a href="#">social networking service</a> ”. Bebo allows members to connect with others like traditional social networking sites, and appears to offer some enhanced video sharing functionality.
<b>CIO Forum</b>	A LinkedIn ( <a href="http://www.Linkedin.com">www.Linkedin.com</a> ) group “dedicated to enhancing the careers of business technology leaders”.
<b>CIO Magazine</b>	<a href="http://www.cio.com">www.cio.com</a> – CIO Magazine’s stated mission is “Serving chief information officers and other IT leaders”. Includes CIO related articles, feedback and a ‘CIO wanted’ job board.
<b>Del.icio.us</b>	<a href="http://del.icio.us">http://del.icio.us</a> - a social bookmarking website. User’s bookmarks are hosted allowing them to access the same bookmarks from any computer. Users can then share favorites with friends, coworkers, and the del.icio.us community.
<b>Digg</b>	<a href="http://www.digg.com">www.digg.com</a> – A user generated content and information site. Content on the site (mostly news, videos, images and Podcasts) is submitted by the user community. Once submitted, content can be viewed and rated by others. Top rated content is promoted to the front page.
<b>ERE</b>	Electronic Recruiting Exchange: <a href="http://www.ere.net">www.ere.net</a> – A site focused around networking and industry information for recruiters and HR professionals.
<b>Ernst &amp; Young</b>	<a href="https://ey.alumniprogram.com/jsp/Front/login.jsp">https://ey.alumniprogram.com/jsp/Front/login.jsp</a> - Ernst and Young alumni network. Includes job postings and various events.
<b>ExecuNet</b>	<a href="http://execunet.com">http://execunet.com</a> – A site combining access to a business networking platform, job postings and proprietary research on various industries.
<b>Facebook</b>	<a href="http://www.facebook.com">www.facebook.com</a> – A major social networking site enabling user-submitted content to appear on personal profiles and blogs. Initially established for Harvard students and later extended to all universities, this site is now open to anyone over 13. Some corporations (e.g. E&Y, Pepsi) have their own Facebook pages.
<b>GPSEG</b>	Greater Philadelphia Senior Executive Group: <a href="http://www.gpseg.org">http://www.gpseg.org</a> - A non-profit professional association of senior-level executives committed to the

	exchange of business contacts and ideas.
<b>ITEEX</b>	Information Technology Executive Exchange: <a href="http://www.iteex.org">www.iteex.org</a> – A membership organization, serving IT Executive leadership. Its stated aim is “building a powerful consortium of IT leaders, who will leverage each other’s networks, best practices”.
<b>Ivy Exec</b>	<a href="http://www.ivyexec.com">www.ivyexec.com</a> - An “exclusive” job site that connects employers with “high qualified” professionals.
<b>Jobster</b>	<a href="http://www.jobster.com">www.jobster.com</a> - A job board posting service that allows members to post a profile of their experiences.
<b>LinkedIn</b>	<a href="http://www.Linkedin.com">www.Linkedin.com</a> - Possibly the most famous professional networking platform around today. The site enables networking, sharing of business advice and hosting of job opportunities
<b>MySpace</b>	<a href="http://www.myspace.com">www.myspace.com</a> – A major social networking site enabling, user-submitted digital content to appear on personal profiles and blogs. Includes job postings powered by “Simply Hired”.
<b>National Black MBA Association</b>	<a href="http://www.nbmbaa.org">www.nbmbaa.org</a> - Established in 1970, the National Black MBA Association is dedicated to develop partnerships that result in the creation of intellectual and economic wealth in the black community.
<b>National Society of Hispanic MBAs</b>	<a href="http://www.nshmba.org">www.nshmba.org</a> Serves 7,000 members in the U.S. and Puerto Rico. It exists to “foster Hispanic leadership through graduate management education and professional development”.
<b>NAYMZ</b>	<a href="http://www.naymz.com">www.naymz.com</a> – This site serves as self presentation and “reputation network that lets you establish and promote your name online”. Members fill out a profile, then invite up to 10 references to vouch for the posted information. The site offers to attach a Rep. or “credibility score” to your profile, based on a proprietary list of attributes.
<b>Oracle User Groups</b>	<a href="http://www.oracle.com/technology/community/user_groups/index.html">http://www.oracle.com/technology/community/user_groups/index.html</a> - The site states that Oracle has “420 affiliated users’ group communities”. It describes the activities of its groups as “providing dynamic forums for like-minded customers to share information, experiences and expertise.”
<b>Plaxo</b>	<a href="http://www.plaxo.com">www.plaxo.com</a> – A securely hosted address book site that allows users to create and share content. A member a customize page with content that others in their network can view.
<b>PMI</b>	Project Management Institute: <a href="http://www.pmi.org">www.pmi.org</a> - Self described as “the leading membership association for the project management profession”. There are

	regional offices that facilitate networking.
<b>RYZE</b>	<a href="http://www.ryze.com">www.ryze.com</a> - A hybrid professional and social network. Self advertised as a site where “members get a free networking-oriented home page and can send messages to other members”. Member can also join special networks “related to their industry, interests or location”.
<b>SIM</b>	Society for Information Management: <a href="http://www.simnet.org">www.simnet.org</a> – Self described as “a network for IT leadership” that Fosters a community of senior IT professionals.
<b>Spock</b>	<a href="http://www.spock.com">www.spock.com</a> - A people search engine that helps members find friends and colleagues, and their associated digital content (e.g. blogs, videos) on the Web.
<b>Technorati</b>	<a href="http://www.technorati.com">www.technorati.com</a> - An Internet search engine focused on blogs and other social media. Technorati states that it currently indexes over 100 million blogs and 250 million pieces of tagged social media.
<b>TLA</b>	Technology Leaders Association: <a href="http://www.techleaders.net/">http://www.techleaders.net/</a> - An executive level networking forum with over 1600 members, the majority of whom are in the Chicago/Mid-west region. “TLA is about colleagues helping colleagues”. Members are CIOs, VPs and Directors committed to building and maintaining strong business relationships and business edge
<b>Vault</b>	<a href="http://www.vault.com">www.vault.com</a> Helps individual’s research companies and gain employee and other consumer feedback. Offers a range of information services including employee surveys, job advice, job boards, salary information and company-specific message boards contributed to by employees.
<b>Women in Technology International</b>	<a href="http://www.witi.com">www.witi.com</a> – WITI's mission is “to empower women worldwide to achieve unimagined possibilities and transformations through technology, leadership and economic prosperity”.
<b>Xing</b>	<a href="http://www.Xing.com">www.Xing.com</a> – A European based competitor to the American originated platform LinkedIn. The founders are German and the company operating it states it is used in over 190 countries.
<b>Zoominfo</b>	<a href="http://www.zoominfo.com">www.zoominfo.com</a> – A <a href="#">vertical search engine</a> that performs searches to find people, companies and jobs. Using available data on the web it automatically creates professionally-focused summaries of people and companies.