

HUMAN VALUE INTERNATIONAL

HR DUE DILIGENCE

METHODOLOGY

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The power of hidden networks

Within every organization, there is an internal informal network alongside the formal network, which has a crucial effect on how the organization functions. This inner system is in fact more diverse and versatile, and has more influence over the efficiency of the organization than one would suppose at first.

Human Due Diligence can uncover this informal system and point out the key people and the effect they have on the organization. It also reveals the structure of cooperation and information flow within and between groups.

Moreover, as a result of the analysis, multi-dimension profiles can be allocated to every colleague and group. This helps in defining development plans on both individual and organizational level, making network exploration a fundamental diagnostic tool of the HR strategy.

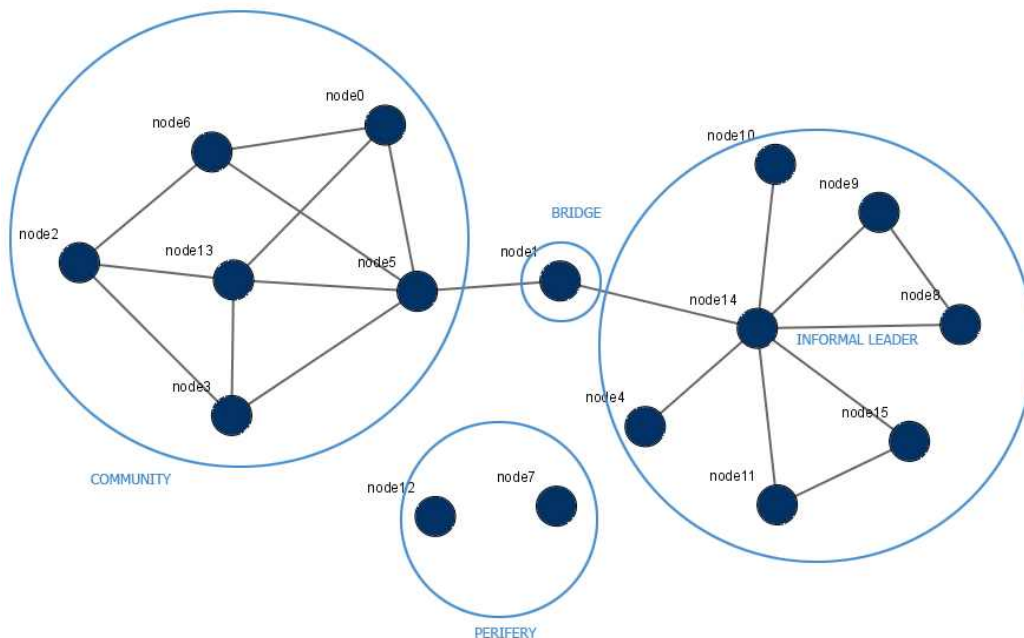


Organizational network analysis

The network analysis has a strong scientific basis motivated by the biological neural networks. The organizational networks are built on the analogy of these natural networks which components model people's behavior.

The traditional approach to organizational diagnostic assumes the hierarchical concept of subordination of entities in presenting the organizational structure. These are schemes that represent the hierarchy and the functionality in terms of belonging to different company's branches, departments, divisions, workgroups etc. It is a quite static approach that can visualize the outward formal human relations within an organization.

The **value network** is a new business method that describes social and technical resources within an organization. The nodes in a value network represent people (and their roles). The nodes are connected by interactions that take the form of knowledge, information, financial or other value. Value networks exhibit **the informal organizational structure** and **the interdependence**.



Organizational network analysis has several major advantages over the traditional approach:

1. It can find solutions for complex problems.
2. It can be automatically configured for future changes and trainings.
3. It is an exceedingly fast measurement and diagnostic tool.
4. It ensures information security as localizes traffic zones in and between groups.
5. It has strong prognostic power.
6. The outcomes are verified and reliable in time.

WHAT CAN WE SHOW YOU

1. Network of professional knowledge accessibility – integration of professional masters

In any company, network loops can be found, separating some of your most valuable colleagues from the others in the informal relational network. Their high-value expertise is not usually used to its full potential – would you like to know who these individuals are, and how to level them with the rest of the organization?

2. Key employees

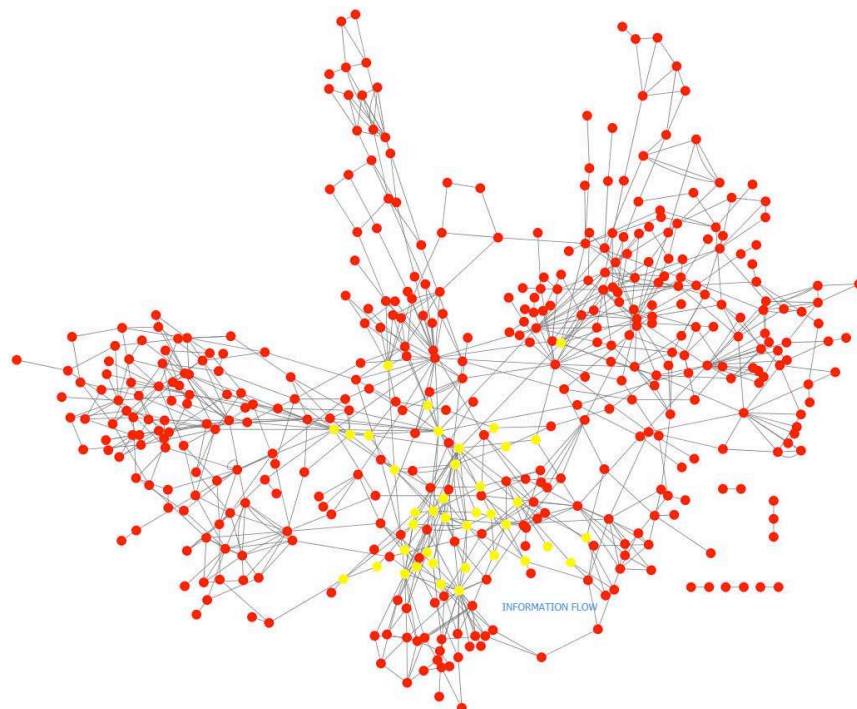
In every organization there are informal key „players“ who have the greatest effect on the way the company is organized. Knowing how influential members of your team are likely to react to organizational changes is an important insight.

3. Newcomers adjustment

Working with an IT company, we found out that the vast majority of the new colleagues were isolated from the old ones, and primarily had relations only with each other. By highlighting this problem, the company could react to it by initiating a mentor system that supports the integration of newcomers and their access to professional and organizational knowledge.

4. Organizational information flow

In a manufacturing firm, we found out that the top two management levels did not have any connection with the managers working in the factories. We showed the management who the key information brokers were, and recommended that they should be connected together in order to enhance the flow of information, and to prevent the spread of gossips along the organization.



5. Competency profile

We make a profile of every employee which enables you to identify training, coaching and other development areas. When it is put together with the development plan for each employee, the areas for improvement become clear; the route towards becoming a professional expert or stepping up to a higher managerial level is marked out.



6. Cooperation between front and back office

Cooperation between colleagues who are working on bringing business to the table, and those who carry out the actual work is essential to any business. When acting on behalf of an IT-corporation, we found out discrepancies between the group of salesmen and the group of developers. As a result of highlighting these insights, company leaders stepped up efforts to enhance the cooperation between the groups, contributing to the success of future projects.

7. Planning leader recruitment

A Hungarian-owned company went through a significant expansion in one year; lots of new colleagues joined the group. Organizational and co-ordination problems started to surface after a while. By the mean of organizational network exploration, any given manager's leadership skills can be measured, and we are also able to assess their acceptance as leaders from any given group.

8. HR Security

By the mean of organizational network analysis, we can identify employees who might pose a potential risk to the company; we can also find so-called cohesive groups with strong ties to each other, but weak relationships with other teams or organizational units.

9. Reducing turnover

We observe that turnover rates are higher in departments with smaller group cohesion. Employees positioned on the periphery of the informal network are likely to leave the company on short notice. Who are these colleagues, what can we do to integrate them?

10. Decision network

Analyzing the decision network of a company, we can identify the key employees: who colleagues are asked from others for advice in case of making a decision? We can analyze the decision-making pattern on different managerial levels and can find where the blocks are located.

11. Project effectiveness analysis

During the analysis of project teams, we are able to show the communication gaps and the missing cooperation links between employees who are supposed to be work intensively together on a project.

12. Identifying key organizational values

If you are aware which values effect your organization the most, you have the chance of influencing or reinforcing them.

13. Co-operation of managers

When analyzing the organizational network of a division of a financial company, we observed that intermediate managers connected well to each other well, creating created a strong inner core, however the Head of the Division did not have this kind of connection with those managers. After With the feedback of the results received, steps were worked out to develop relations.

14. Group metrics

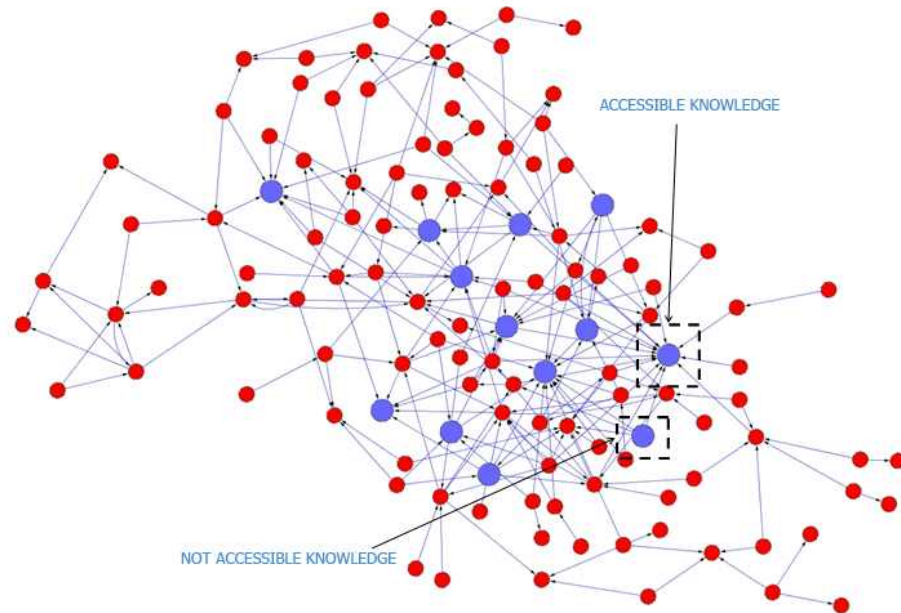
There are several measures which can be used to indicate the level of cooperation in a group (for example cohesion, density, symmetry). While we were working with an IT department, we found out that all but one of their work groups were good in cooperating with each other. With Thanks to a few interventions the head of the department could remedy this situation.

15. Identifying potential project team members

Using organizational network methodology we can identify those colleagues who are most likely to cooperate well with each other and to produce great results together.

16. Innovation diffusion in the organization

Unfortunately, in some corporations, the best ideas do not reach the people who have the power to make them work. Through examining the way innovation innovative ideas spread through along the organization, we can show where and why these fresh notions get blocked.



17. Participant recommendations

By the mean of organizational network analysis, we identify a group of employees that have the biggest influence on organizational and professional information flow of a company. The company's management should invite these informal opinion leaders to discuss planned changes. This is how the information flow is streamlined, and the spread of gossip based on incomplete information could be prevented through information transparency.

ABOUT THE METHODOLOGY

HUMAN DUE DILIGENCE IS A QUANTITATIVE, EMPIRICAL METHOD FOR MODELING ORGANIZATIONS AS INTERLOCKING NETWORKS OF PEOPLE, TASKS, RESOURCES AND KNOWLEDGE. IT CAN ALSO BE USED AS AN AID IN ALL DECISIONS THAT HAVE AN EFFECT ON THE INFORMAL STRUCTURE OF THE COMPANY.

PREPARATION OF THE SURVEY

Preparation

The process starts with collecting basic employee attributes, such as status, reporting lines, organization structure, entry dates etc. Parallel to the employee data collection we define areas together with our clients to define the dimensions of the analysis.

Survey

During the next step employees in an the organization or within group respond to an online questionnaire containing questions such as:

Who do you turn to most often when you have questions about your work?

Who of your colleagues is the first to tell you informally about organizational changes?

Who of your colleagues has the most professional knowledge and experience?

Analysis

After the survey we make statistic analysis on which basis we create data files generate network images that give feedback to the client (study and/or presentation)

Interviews

Based on the result of the study and accompanied presentation we run face-to-face interviews with the key people identified regarding further challenges and questions. During the interviews our psychologists are discovering all hidden motives and personal characteristics of the people.

Consultation

During the consulting phase together with our client we set up an action plan based on the results of the network analysis.

COMMON QUESTIONS

and our answers...

1. Who should I include in an **effective project team**?

We are able to show which employees can cooperate effectively and have the professional competence needed to successfully complete a project.

2. Who need to be involved so that the expected important changes within the organization can be effectively **communicated**? How can I avoid the spread of gossip?

We can identify key players in the organization's information network. These are the people who have the greatest effect on spreading information and the acceptance of changes.

3. Which employee should receive further professional training? **Who does make training worth** and what skills do need to be trained?

We can show you who you should train so that the organization benefits the most, and in what fields they should be trained.

4. Could **cooperation** between leaders be **improved**?

We can find out to what extent leaders can be mobilized for collective performance and whether those leaders whose cooperation is most important are working together or not.

5. To what extent do **teams cooperate**?

We can show whether the teams that should be working together most intensively are cooperating or not.

6. Is there potentially useful **knowledge** within the organization to which the organization has no access?

We can show you the knowledge centers within the organization whose knowledge is not used or is not accessible to coworkers.

7. How can I **measure** the **success of development plans** and the effects of organizational changes?

We can show how the sociometric profile of employees and groups has changed due to development plans and changes.

8. **In what directions** should my managers **improve** as leaders?

We can measure the acceptance of leaders within their groups (trust, professionalism, information exchange, decision making, etc.

COMPLETING THE ONLINE QUESTIONNAIRE

Participants can fill out the questionnaire easily by visiting our website operated by Human Value International. Everyone receives a password for the site via email. In the online questionnaire, participants can select coworkers from a drop-down list (ex. Who do you turn to with professional questions?)

The questionnaire can be completed quickly (about 20 minutes) and easily. It is possible to fill out the questionnaire during different occasions: the system records the choices in a database.

SOME DIMENSIONS THAT CAN BE EXPECTED

1. Professional knowledge accessibility network
2. Key players: high social capital holders, professional masters, information couriers, decision influencers
3. Integration of newcomers
4. Organizational Organization information flow analysis
5. Sociometric profiles of leaders
6. HR security
7. Decrease turnover
8. Decision influence network
9. Project efficiency analysis
10. Identifying values within organization
11. Cooperation of the Management
12. Group index: mobilization, cohesion and cooperation of teams
13. Choose project members
14. Spread of innovations innovative ideas within along the organization
15. Choose members for company events and off-sites

SOME QUESTIONS THAT CAN BE EXPECTED

Cooperation: if you had to complete a task as a team, whom would you work with if you have to work on a task in a team who will you choose to work with?

Professional: Whom do you turn to most often about professional questions?

News about the organization: Who is the first to informally provide you with information regarding changes in the organization?

Decisions: Whom do you most often consult with when making you make decisions?

OUTCOME OF HUMAN DUE DILIGENCE

What we provide...

Diagrams

- Cooperation maps (between coworkers/leaders/ units)
- Decision-making networks (based on who-influences- who choices)
- Knowledge networks (who turns to who with professional questions? Where can inaccessible knowledge be located?)
- Information flow route map (How do coworkers receive information about changes? Where does the chain of information flow?)

Results:

1. List of key players and their roles within the organization or within the teams

- Social capital holders
- Professional mentors/teachers
- Opinion leaders
- Decision influencers
- Information brokers
- Potential leaders

2. Sociometry Indexes that characterize team mobilization potential and common value system of groups:

- density (the density of the ties within the group)
- reciprocity (how mutual are the choices between the members)
- block index (how many sub groups are there)

3. Cooperation matrices

- Degree and quality of cooperation between units/ organizational levels/groups.

All leaders receive feedback:

1. About their role among other leaders

- Professional recognition and accessibility
- Decision making influence
- Cooperation potential
- Role in the information network
- Network position (center, periphery, subgroup, clique)

2. How could the group role within the group become more useful? Eg. In what areas should he/she improve or what personal/professional characteristics does he/she need to become more visible to others?

3. What improvements could make him/her a better leader or member of the organization?

How can the cooperation be strengthened and in what ways?

Why knowing the informal network is important?

• Knowledge of the informal structure helps us make decisions that enhance in favor of efficiency of communication efficiency, mobilization of teams for higher productivity, as well as business performance.

Doesn't the analysis of employees' informal network raise privacy issues?

• *No, as completion of the questionnaire is voluntary, anyone can choose not whether to fill out the survey or not to answer certain questions.*

Are there negative questions within the questionnaire? • *No. The questionnaire only includes only positively formulated questions (ex. Which who of your coworkers has the most professional knowledge and experience?)*

Is the completion of the questionnaire anonymous?

• *We have to know who filled fills out the survey in order to generate networks (ex. Who chooses who is chosen by who for asking the professional knowledge questions) By using anonymous answers, we can only provide statistics analysis, and but we cannot use a the network approach.*

What do leaders use the results for?

• *they use it in order to improve communication within the organization, set up project teams, keep retain key players, optimize cooperation among teams, identify potential leaders, etc.*

Who can see the results?

• *The top leaders can see the whole network with including people's names. Employees working on the same level of get have only access only to their personal results (how many choices they received people have chosen them, what is their position in the network). We present the general tendencies (eg. where is does the information get lost, how dense is the network) to the whole entire company.*

Can the employees manipulate the results?

• *One of the method strengths' is that it is hard to be manipulated. During one of our analysis at in a bank, the people who were part of the IT department wanted to show how good their cooperation was, is so they talked over who should be chosen by who in the questionnaire. The head of the IT department thought that they had tricked the results. We told them that a team that can work together this that well on a given task (by synchronizing the answers) should look exactly the same on the teams' network image. Every type of information during the research process can be analyzed.*

What happens if somebody does not fill out the questionnaire?



- The response rate is important information itself because it shows how much the employees trust that the leaders are going to use the results for proper purposes and how well they can identify with a task coming from the management. Typical response rate moves is between around 70-90%.

Doesn't the informal structure change with time?

- Of course, the structure of relations can change within on a 3-4 months rate. This is exactly why it is important that for leaders to have the whole picture of the current network, so that they can make plans about which areas they want to improve and changes.

How much work time does this take for the company?

- During the preparation phase, we have to create make a list of employees and to inform leaders about the process. After the analysis, decisions need to be made about possible improvements. Filling out the questionnaire takes about 20 minutes, but can be done in more than one occasion, as the system records the given answers.

Contact:

Eszter Avar

Country Manager - Hungary

+36 30 2497487

avar@humanvalue.eu

www.humanvalue.eu