

## Chapter Two

# Intraorganizational Networks

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The adage 'it's not what you know but who you know' has taken on an unfortunate ubiquity humbling the terms "network" and "networking" to broadly used buzzwords. References to networking activities abound in business periodicals, corporate newsletters and the like. We witness networking groups and mentor programs with networking intentions, the "young professional's networking group" convening interested residents of a local condominium building, and such popular press books as *Savvy Networking* (RoAne, 1993) or *Power Schmoozing* (Mandell, 1996). While there is great virtue in the message that individuals and organizations ought to be cognizant of the role networks play in organizational life, these well meaning but often cursory efforts to encourage proactive use of one's social network belie the richness of available theory and research about those networks.

We do not quibble too much with the popular adage: networks do matter and this, in fact, may be the only claim that would not engender academic debate. Empirical research accumulated over the last two decades demonstrates that social networks are associated with outcomes relevant to individuals and organizations, including what O'Reilly (1991) identifies as issues central to organization behavior studies: motivation, leadership, job design, turnover and absenteeism, and work attitudes (Krackhardt and Brass, 1994). Illustrations of these network effects include: access to labor market information (Granovetter, 1973), deal-making (Mizruchi and Stearns, 2000), career advancement (Lin 2001; Podolny and Baron, 1997), identity formation (Ibarra, 1992), trust building and cooperation (Burt, 2000; Labianca et al., 1998; Coleman 1988); commitment and retention (Krackhardt and Porter, 1986), opinions about organizations (Galaskiewicz and Burt, 1991), group and team performance (Ancona and Caldwell, 1992; Rosenthal, 1996), performance evaluations and compensation (Burt, 2000; Meyerson, 1994), and behavior at the top of the firm such as use of poison pills (Davis and Greve, 1997), to name merely a few.

This chapter is organized around the intuitions social network theory brings to bear on intraorganizational phenomenon. Work in social network theory is characterized by its emphasis on structural form (patterns and positions) or relational content

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(qualities of network ties), as well as by its level of analysis. These broad distinctions form the foundation of the framework for our review of the central questions addressed in this field. Key elements of central studies we highlight are summarized in Table 2.1.

## Literature Review

### STRUCTURE AND RELATIONS

A common sense explanation for why persons behave the way they do is to individualize. This is akin to what social psychologists refer to as the fundamental attribution error where we are likely to explain behavior in others by personality attributes rather than by situational constraints. A first step in correcting the bias is to consider people in terms of their relationships with other people. Social network theory does this by attributing behavior to the social context in which an actor is embedded. Some take a *structural* approach and focus on the pattern of relations in a social network. In this tradition, behavior, attitudes, or beliefs (outcomes) are attributed to network form: the position or location of an actor in its social network. There are essentially two kinds of mechanisms rooted in the form of the network: reach and demand.

The earliest studies focused on demand: actors differentiated by status orderings such as prestige. It was obvious – people are concerned about who has more, who is higher up. We refer to this as a demand mechanism because the differentiation among social actors is attributed to the demand on those actors – popularity – such as how many people cite them as friends. Network studies refer to this as the in-degree – the number or volume of the ties *to* a person. Early on in this research tradition, social demand was linked to esteem (Moreno, 1960) and innovativeness (Rogers, [1962] 1995). Within community structures and organizations demand is an index of power and influence (Brass, 1985, 1992; Hunter, 1953; Laumann and Pappi, 1976).

Perhaps the most elegant theoretical statement of these models is Coleman's (1990) model of prominence in exchange systems. Coleman disaggregates relationships into a definition of intertwined interest and control, where the relationship from one person to another increases with the extent to which the first person is interested in what the second person has. Once the demand structure is known in a social system, the relational structure can be imputed and an equilibrium in the system defined; see for example, Taylor and Coleman (1979). Podolny's (1993, 2000) work on status is a recent renaissance of demand models.

Demand models are distinguished from reach models by their emphasis on the actor as the object of relations; reach models are about social access. Reach models are concerned with how many people are you connected to or what sort of resources you access by virtue of those connections. Foundations in this area include Granovetter's (1973) work on weak ties; Freeman's (1977) work on betweenness centrality, and Burt's (1980 and 1992) work on autonomy and structural holes. Granovetter looks at how weak relationships access novel information (in job searches) or access external constituents (in the case of community organization). Ties can vary in their strength. Strong ties are those to people we feel closest to, see most frequently, or have known the longest. Strong ties are typically embedded in dense, overlapping networks, such that

**Table 2.1** Selected studies of intraorganizational networks

<i>Reference</i>	<i>Key concepts</i>	<i>Key variables</i>	<i>Key findings or predictions</i>	<i>Key contribution</i>	<i>Sample</i>
Granovetter, 1973	Value of weak ties	Tie strength	Weak ties are entry to disparate social structures and therefore provide access to novel information	Illustrates how relational closeness or distance affects information flow in egocentric networks	100 interviews and 182 mail surveys of professional, technical, and managerial workers in Newton, MA
Freeman, 1977	Centrality	Betweenness	Centrality is associated with better access to resources, information	Illustrates how network position affects	
Burt, 1992	Structural holes	Network constraint	Low constraint networks (many holes) are a competitive advantage	Reveals how structure and network position affect outcomes such as speed of promotion and profit margins	A stratified random probability sample (N = 284) of the top 3305 managers in a large computer manufacturer
Podolny and Baron, 1997	Relational content	Task-advice network Strategic information network Buy-in network Mentor relation Social support network	Social capital value of structural hole networks contingent on type of network tie	For buy-in networks, closeness has a positive effect on job mobility	236 employees in a high-technology firm
Mizruchi and Stearns, 2000	Uncertainty and use of social networks Relational content Network structure	Density Hierarchy Risk Complexity	Low density deal approval networks associated with likelihood of deal closing	Networks effects predictably contingent on characteristics of transaction	91 bankers in the global banking unit of a large bank
Coleman, 1988	Social capital as cohesion and network closure	Closure	Drop out rates inversely related to social capital of student	Integration and trust emerging from network closure	Random sample of 4000 public school students
Burt, 2000	Social capital as brokerage	Autonomy	Higher rates of return (bonus compensation, job mobility) to structural hole networks	Coordination and control emerging from network brokerage	186 senior bankers in a large financial institution

