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## *Introduction*

Human beings are social creatures who depend on links to others to accomplish many of life's tasks. The networks of relations within which each person is embedded include family, friends, and acquaintances. The embeddedness of human activity in such networks is true not just for primal activities such as child-rearing but also for economic activities such as finding a job (Granovetter, 1974).

Indeed, business organizations themselves are held together not only by formal relations of authority but also by informal links that connect people across departmental and hierarchical boundaries. Starting with the Hawthorne studies (Roethlisberger and Dickson, 1939), researchers have investigated the importance of informal networks for job satisfaction (e.g., Roy, 1954), organizational conflict (e.g., Whyte, 1948), worker output (e.g., Jones, 1990), organizational power (e.g., Brass, 1984), and many other aspects of social and organizational life (see Kilduff and Tsai, 2003, for a review).

Only recently, however, has research attention focused on actors' perceptions of the structure of relations in social settings and on how actors' individual differences may affect the network positions they occupy. These topics – actor perceptions and actor individual differences – provide the inspiration for our book. Actors' perceptions of social networks within which they are embedded affect the decisions they make (see the discussion in Burt, 1982, chapter 5), and these perceptions are subject to considerable bias (Krackhardt, 1987a). How other people perceive the structure of relations surrounding the individual affects not only the individual's power to act (Krackhardt, 1990) but also the individual's reputation (Kilduff and Krackhardt, 1994). Actor individual differences can range from the visible attributes of ethnicity and gender (shown to affect patterns of centrality and exclusion in social networks – e.g., Mehra, Kilduff, and Brass, 1998) to specific personality characteristics such as self-monitoring (Snyder, 1974) that may be particularly

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predictive of individuals' network positions (Mehra, Kilduff, and Brass, 2001).

This is a book about the cognitive and personality distinctiveness of individuals and the ways in which such distinctiveness affects relationships in organizations. The different chapters in the book unfold stories about how people perceive themselves and others in networks of friendship and advice, the biases people exhibit in their mental representations of who is connected to whom, the rewards and penalties that people experience as a result of such biases, and ways in which individual differences affect network positions and outcomes. We draw from cognitive network theory and an emerging personality approach to social network positions to examine (in organizational contexts) perceptions of networks, the psychology of network differences, and the dynamics of social network turnover, crisis, and culture. Unlike conventional network studies that tend to focus on interchangeable position holders, our focus throughout is on individual human beings and their distinctive patterns of network thinking and interaction. Across diverse research covering organizational behavior topics, we pursue an integrated focus on social ties both as they are represented in the perceptions of individuals and as they relate to individual differences.

### Perceiving Networks

Cognitions concerning social networks are important to the extent that people are uncertain concerning who is connected to whom. People may try to reduce such uncertainty by paying particular attention to the connections of those who are prominent. Savvy network entrepreneurs can take advantage of such uncertain knowledge to create social capital that may be merely fleeting but can, nonetheless, be valuable. The following story illustrates how a prominent banker used his visibility to bestow social capital that could be traded by his protégé for financial capital:

At the height of his wealth and success, the financier Baron de Rothschild was petitioned for a loan by an acquaintance. Reputedly, the great man replied, "I won't give you a loan myself; but I will walk arm-in-arm with you across the floor of the Stock Exchange, and you soon shall have willing lenders to spare" (Cialdini, 1989: 45).

The baron in this story assumed that perceivers scan the social network connections of individuals for signals concerning difficult-to-discern underlying quality – such signals including connections to prominent

others. Research interest in such cognitive interpretations of network connections increased throughout the 1990s, concurrent with the cognitive turn in sociological approaches more generally (e.g., DiMaggio, 1997; Schwarz, 1998). Research concerning interorganizational relationships has increasingly focused on how network links affect perceived reputation and status (Zuckerman, 1999). Social networks are not just pipes through which resources flow; these networks are also potentially distorting prisms through which actors' reputations can be discerned (cf. Podolny, 2001).

Interest in a cognitive approach to social networks developed earlier in organizational behavior approaches than in more macro-oriented approaches. Pioneering work suggested that organizations and environments interacted as networked cognitions in the minds of participants: "what ties an organization together is what ties thought together" (Bougon, Weick, and Binkhorst, 1977: 626). Social equals in organizations tend to change their perceptions to establish consensus concerning environmental changes, whereas people connected to high-status individuals tend to be overly influenced by these high-status individuals' perceptions of environmental change (Sampson, 1968; Walker, 1985). A recent review of the relationship between network connections and perceptions of the environment suggested that "knowledge emergence, as opposed to knowledge transfer, may occur . . . between social equals from different social circles, rather than between dyads divided by differences in mutual esteem and power" (Ibarra, Kilduff, and Tsai, 2005: 366).

Building on this legacy of work in organizational behavior, our cognitive emphasis in this book is predicated on the finding that different individuals looking at the same networks tend to see different sets of connections (cf. Krackhardt, 1987a). To the extent that each individual occupies a specific position in a social network, the complexity of the network is likely to be viewed differently by each individual (Kilduff, Tsai, and Hanke, 2006). Some of these idiosyncratic views are likely to be more accurate in terms of mapping more closely on to a consensually validated representation of the network determined by the agreement of members of each interacting dyad. Such accuracy with respect to the organizational advice network can correlate with the power to influence others (Krackhardt, 1990).

The perception of social networks begins as soon as an individual enters a new organizational context. People are motivated to generate an overall picture of a social group that they have joined, they seek to identify subgroups that might complicate or facilitate their putative plans, and they look for others to whom they can attach themselves (cf. von Hecker, 1993). Seeing the new interacting group into which they have just stepped as a distinct social system (cf. Campbell, 1958), people bring with them

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preconceptions from their interactions in previous social systems concerning the expectation that friendship overtures are likely to be reciprocated and the “transitivity” expectation that people who share a mutual friend will be friends themselves (Heider, 1958). These expectations bias the cognitive maps that people develop to represent social networks (Krackhardt and Kilduff, 1999). But people are not slaves to default expectations about friendship reciprocity and transitivity – people can also learn from vivid experiences (Ahn, Brewer, and Mooney, 1992) that social life can be riven with gaps where one might have expected ties (Janicik and Larrick, 2005).

Each of us brings to our organizational sense making a different recipe for constructing representations of social networks. To the extent that people are cognitive misers who try to economize on memory demands (Fiske and Taylor, 1991), their mental representations of social networks are likely to exhibit simplifications such as excess clustering of people into densely connected groups and overattribution of popularity to people perceived to be central (Kilduff, Crossland, Tsai, and Krackhardt, forthcoming).

#### Individualizing Networks

In bringing the individual back into social network research, we emphasize in this book not only the importance of individual cognition but also raise questions concerning how different types of people establish different network positions and experience different network outcomes. People differ with respect to whether or not they occupy brokerage positions in social networks (Burt, 1992) and outcomes from brokerage include both benefits such as higher job performance ratings (e.g., Mehra, Kilduff, and Brass, 2001) and potential costs such as reputation loss (e.g., Podolny and Baron, 1997). Despite this exploration in prior literature on the outcomes of brokerage, we still know relatively little about why some individuals rather than others are more central in social networks and occupy brokerage positions (Burt, 2005: 28).

We explore in this book the likelihood that the patterning of social relations in organizations – including the elevation of some individuals to positions of centrality and brokerage – derives from stable individual differences. Visible individual differences such as ethnicity and gender function as bases for identification and network formation (Hughes, 1946). People tend to interact with similar others in organizations and this is particularly true for relations, such as friendship, that are more expressive than instrumental (Blau, 1977). Together with exclusionary pressures from the majority, this preference for similar, or “homophilous,” others

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may contribute to segregation within informal networks (Brass, 1985) and the marginalization of minority members.

But going beyond this emphasis on demographic differences, we also explore in the book the likelihood that brokerage is related to self-monitoring personality orientation. Those high in self-monitoring resemble successful actors in their ability to play different roles for different audiences (Snyder, 1987). Self-monitoring, in comparison to other personality variables, may be particularly relevant to the prediction of brokerage because of the theoretical (Day and Kilduff, 2003) and empirical (Flynn, Reagans, Amanatullah, and Ames, 2006) emphases on how personal identity affects the structuring of relationships. Other major personality variables tend to suffer from limited predictive validity when it comes to explaining why some individuals are more central than others (see, for example, the exemplary investigation of the network correlates of the Big Five personality constructs by Klein, Lim, Saltz, and Mayer, 2004). Because high self-monitors compared to low self-monitors tend to adapt their underlying personalities to allow themselves to become part of distinct social groups (Snyder and Gangestad, 1982), self-monitoring orientation is one key factor in understanding how individuals span across social divides in organizations.

## Positioning the Book

Interest in social networks has increased rapidly over the past decade, but few books focus specifically on interpersonal networks within organizations, and none pursue the topics we cover here. There are some excellent recent research monographs. The book by Noah Friedkin (1998) entitled *A Structural Theory of Social Influence* is unusual in bringing a social psychology approach to bear on questions of influence from a social network perspective. But there are few topics of overlap between that book and our own. The recent book by Peter Monge and Noshir Contractor (2003) entitled *Theories of Communication Networks* takes a programmatic approach in synthesizing the authors' collaborative research in developing a multitheoretical and multilevel model. Again, there are few topics of overlap here. We see both of these books as companions to our own rather than as rivals. One of us has coauthored a recent social network book that critiques and extends social network theory in general in the context of offering a theoretical and methodological introduction (Kilduff and Tsai, 2003). There is one chapter in that book (pages 66–86) that urges researchers to pursue structural research from a cognitive and individual difference perspective in pursuit of questions that have often been neglected. We see that chapter as whetting the appetite for

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a more programmatic and comprehensive treatment of such topics as they apply to organizational behavior. Finally, the recent edited book by Cross, Parker, and Saxon (2003) focuses on networks in the knowledge economy with a particular appeal to managerial rather than research concerns.

In studying interpersonal networks within organizations, we embrace a realist philosophy of science in terms of a research focus on three levels: the actual, the perceived, and underlying structures. The actual network of relationships in an organization can be perceived and experienced by individuals in many different ways, and, thus, actual and perceived networks can be discrepant with each other for any specific individual. In terms of the tendency for perceived networks to adhere to structural patterns, we know that perceptions of social relations tend to be shaped by cognitive heuristics such as the balance schema that individuals employ to make sense of complex realities (Krackhardt and Kilduff, 1999). Actual networks are also structured by underlying tendencies – for example, the tendency for people to cluster themselves together on the basis of similarity on dimensions that are considered important (such as ethnicity and gender – cf. Mehra et al., 1998). Our research engages all three levels of analysis, and investigates the discrepancies and tensions between these levels.

We anticipate that the book will advance theory and research concerning organizational behavior and also push forward the social network research program itself. In tackling issues at the microbehavior level within organizations, we bring a traditionally sociological approach (structural social network theory) to dwell on topics (such as organizational turnover) typically studied from a more psychological approach. This book synthesizes research interests across the micro–macro divide to open new arenas for social network theory and methods. In bringing a distinctive research lens focused on interpersonal networks, we hope to unlock the whole realm of organizational behavior to the social network approach.

### Overview of the Book

This book emphasizes the importance of interpersonal networks, particularly friendship networks, for understanding people’s behaviors in organizations. There are three major sections, following this introduction. In the first part – “Perceiving Networks” – we focus on how individuals perceive networks in organizations, and explore the consequences of such perceptions. In the second part – “The Psychology of Network Differences” – we analyze how individuals differentially draw upon network resources, with particular attention on how network position and individual

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personality contribute to performance outcomes. In the third part – “Network Dynamics and Organizational Culture” – we study how individuals in organizations respond to network influences, looking at turnover, crisis, and culture. A common theme runs throughout the book: We are bringing the importance of individual cognition, personality, and action back into a network research area that has tended to neglect if not completely ignore the importance of the microfoundations of structural constraint.

Chapter 2, “A Network Approach to Leadership,” is a key resource for the whole book in providing a focused review of our major themes and their relevance for leadership in organizations. In this chapter, we articulate four interrelated principles that generate network theories and hypotheses and present a theoretical framework of leader effectiveness from the perspective of cognitive network theory. In Chapter 3, “An Analysis of the Internal Market for Reputation in Organizations,” we address whether perceptions of networks matter more than reality. We address how network perceptions are aggregated to create “real” networks, and how misperceptions of networks affect competitive outcomes in organizations, such as the reputations of individuals as good performers. We look specifically at the question of whether, if you are perceived by others in the organization to have a prominent friend, will this affect others’ perceptions of your job performance. In Chapter 4, “Systematic Biases in Network Perception,” we continue our focus on the systematic biasing of perceptions of organizational networks. We develop the theme of whether boundedly rational people in organizations tend to rely on heuristics to establish the friendship boundaries around themselves and others. In Chapter 5, “Effects of Network Accuracy on Individuals’ Perceived Power,” we examine the consequences of accurate perceptions of social networks in relation to individuals’ political power in organizational settings.

The second part of the book, “The Psychology of Network Differences,” focuses on the use of networks with respect to decision making, individual performance in organizations, and helping behaviors. In terms of bringing the individual back in, we examine the possibility that individuals’ network positions are, to some extent, an expression of individual personality. In Chapter 6, “Social Structures and Decision Making in an MBA Cohort,” we address the issue of how people make decisions about complex issues, drawing upon network research that investigated such decision making in an environment overflowing with relatively complete information. We trace how individuals group themselves into clusters on the basis of ethnicity and gender, examine the extent to which the cohesion and structural equivalence perspectives predict these individuals’ decision making, and look at whether self-monitoring personality orientation offers a basis for understanding why some people



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relative to others tend to draw more heavily upon network resources in making complex decisions. We follow up this self-monitoring theme in Chapter 7, “The Social Networks of Low and High Self-Monitors,” in our examination of whether low and high self-monitors build distinctly different network structures and whether self-monitoring and network position combine to affect individual performance in organizations. This chapter continues our attempt to open a productive new seam of structural research that brings together psychological richness at the individual level and sociological context at the network level. In Chapter 8, “Centrality in the Emotion Helping Network: An Interactionist Approach,” the last chapter in Part II, we again examine the twin effects of network position and personality, this time with respect to centrality in the emotion helping network in organizations.

The third part of the book, “Network Dynamics and Organizational Culture,” takes a more dynamic perspective concerning how individuals in organizations are influenced in their behaviors and attitudes by those to whom they are connected either cognitively or actually. Chapter 9, “Network Perceptions and Turnover in Three Organizations,” investigates, from a social network perspective, the process and consequences of people leaving organizations. If someone occupying a role similar to my own leaves, how likely am I to also quit the organization? If I decide to stay despite the fact that a friend has left, what will be my attitude toward the organization – more or less committed? Chapter 10, “Organizational Crises,” continues the theme of network influence between and within organizational units in focusing on how internal and external friendship ties affect organizations’ responses to crises. Chapter 11, “The Control of Organizational Diversity,” advances a distinctive approach to organizational culture as a cognitive system developed and supported within local social networks. From this perspective, the organization resembles a magnetic field within which individual components attract and repel each other, with friends establishing mutually reinforcing interpretive systems. Our emphasis is on the local construction of cultural meaning within an overarching set of shared cultural understandings and the extent to which individuals’ cultural attitudes are controlled by their network ties.

Finally, Chapter 12, “Future Directions,” looks forward to further research in terms of new approaches and phenomena to be addressed within the evolving research program that we have articulated.

### Motivation for Writing This Book

Because of the eclectic nature of the social network field, our research has appeared in leading journals in a variety of different areas including



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anthropology, psychology, sociology, and management. Indeed, we know of no other research program that has encompassed such different audiences. We have not had a chance to bring our different contributions together to emphasize the programmatic nature of our research interests. In this book, we bring our research themes under one overarching umbrella so that the significance of the work can be appreciated as a whole rather than in the particular fragments that happen to show up in each discipline's journals.

Rather than just reprinting articles, however, we have integrated material from different sources, updated our arguments, reduced redundancy, and emphasized core themes throughout. A major motivation for us in writing this book is the opportunity to comment on the different themes that we have been working on together for twenty years. We have synthesized and edited so that the book adds value beyond what has already been published.

The book offers a theoretical and empirical alternative for organizational behavior research that often gets lost in the intricacies of microlevel attitudes at the expense of perceived and actual social context. Social network research has often critiqued other approaches in the social sciences. But it is time we went beyond critique to offer our fellow researchers a clear alternative that addresses topics they hold dear. In this book, we provide a blueprint for how theoretically motivated research can be accomplished on both traditional topics such as turnover and organizational culture as well as new topics such as the perception of social relations.

## Target Readership

This book is targeted at the research community of scholars interested in social network research. A primary audience consists of professors in schools of management, psychology departments, and sociology departments who want an up-to-date, theory-driven treatment of network research on organizational behavior topics. The book will also be of interest to doctoral students in the same areas. We are honored to have this book included in the distinguished *Structural Analysis in the Social Sciences* series edited by Mark Granovetter.

In summary, the potential synergy between micro-organizational behavior research and social network approaches is huge. A focus on the social networks – both cognitive and actual – of organizational members is likely to enhance our understanding of organizational behavior, given the importance of social structures of interaction to the understanding of attitudes and behavior. The social network perspective has

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traditionally avoided a focus on specific people, preferring to examine systematic patterns of interaction. Our aim in this book is to bring the individual back into the picture – to account for the cognitions and personalities of individuals in connection with the structural patterns that constrain and enable.