

SOCIAL NETWORKS WITHIN ORGANIZATIONS

LEARNING OBJECTIVES

After studying this chapter and doing the exercises, you should be able to do the following:

1. Present an overview of social network theory.
2. Explain the basics of social network analysis, including drawing a diagram.
3. Give several examples of internal and external networks in organizations.
4. Present information about the relationship between social networks, and group and organizational performance.
5. Explain how social networks assist career advancement.
6. Summarize suggestions for building and maintaining social networks.

In his 19-year career at BMW, Norbert T. Reithofer has worked his way up from maintenance planner to head of production, and finally to chief executive. A quintessential BMW man, Reithofer led the company's drive for

greater factory flexibility and customization, helping to give the automaker its competitive edge.

Like every successful BMW manager, Reithofer has learned how to build informal networks of associates across the company to make sure his ideas are embraced. And he definitely has a gold-plated network. When Reithofer ran BMW's factory in Spartanburg, South Carolina, the U.S. chief was Helmut Panke, who was later promoted to CEO. And Reithofer's thesis advisor in graduate school was Joachim Milberg, Panke's predecessor as CEO and now chief of BMW's supervisory board.

But that's not the kind of network that really matters at BMW. While it never hurts to have friends in high places, 50-year-old Reithofer has excelled at forging alliances at all levels. About eight years ago, for instance, he and development chief Burkhard Goerschel wanted to halve the time it took to reach full production of the next-generation 3 Series, from six months to three. That would slash startup costs and boost margins by allowing the company to pump more cars onto the market while interest in the new model was still superhot.

Skeptics said it couldn't be done without compromising quality. But Reithofer and Goerschel reached deep into the organization to assemble a team of R&D production aces who worked three years to reach their target. The cars were introduced in March, and by June the factory was cranking out its full-scale production of 800 cars a day. "Managers have to be role models and work together," says Reithofer.¹

Many people reading this book are probably BMW fans. However, you don't have to be one to admire how skillfully the BMW chief executive uses networking to gain support for his ideas and to assemble a team that can accomplish an outstanding production feat. Social networking in organizations preceded social networking on the Internet, such as with MySpace, FaceBook, and Friendster. Networking merits a chapter of its own because developing contacts with influential people is the most fundamental principle of organizational politics. Several years ago, Jack Welch gave a guest lecture at the Sloan School of Management at MIT. A student asked, "What should we be learning in business school?" Welch replied, "Just concentrate on networking. Everything else you need to know, you can learn on the job."² As with many other popular management gurus, Welch is prone to exaggeration and simplification, but he does remind us that networking is an essential skill.

A **social network** (as opposed to a computer network) is a specific set of linkages among a defined set of individuals.³ Social networking in organizations is used for several interrelated purposes. The major purpose is to

develop social capital in the form of smooth-working relationships with a variety of people. These smooth relationships can then be used to enlist the cooperation of others in accomplishing tasks (as in the BMW example). Also, people in your network become part of your coalition to support initiatives you think are important, such as a manager seeking support for starting a Six Sigma quality program.

In this chapter, we look at social networking from several perspectives. First we review the theory behind social networking, before examining social network analysis (who contacts whom to accomplish work). We then explain many types of social networks that exist within and across firms, followed by information about how networks improve performance and advance careers. Then comes advice about a cornerstone topic of political behavior in organizations: how to establish and maintain an effective social network.

SOCIAL NETWORK THEORY

Networking has come to mean almost any approach to developing contacts with people, yet theory helps explain many aspects of the process. **Social network theory** regards social relationships in terms of nodes and ties. **Nodes** are the individuals (or actors) in the network, while **ties** are the relationships between and among the actors.⁴ Many types of ties exist between the nodes, such as one pair of nodes being a mentor and the person mentored, or two people in different parts of the organization exchanging technical information. The most basic social network is a map of all the relevant ties among the nodes under surveillance. As will be shown later in the chapter, a social network diagram is often used to illustrate the nodes and ties, with the nodes being circles and the ties being lines. Here, we describe several aspects of social network theory most useful to an understanding of political behavior in organizations.

Social Capital and the Importance of Ties

Social network theory helps evaluate the social capital of individuals by understanding the links one person has with others. An actor with strong social capital has an advantageous network position and can draw on the resources of many people. He or she is *well connected*. The more mappings or links a person has in the social network, and the more mappings these people have, the more knowledge, influence, and power the actor has. If you are connected to

many influential people, you will have more social capital and political clout. In summary, the better connected you are, the greater your social capital.

Social network theory emphasizes the ties among people rather than the individual attributes of the actors within the network. For example, instead of attempting to understand the intelligence and motivation of Brenda in the network, it focuses on the type of relationship she has with Gus and Sylvie in other parts of the organization. Much of Brenda's success and failure in her company will then be attributed to her connections rather than her intelligence and motivation. Social networks can also go outside the organization, such as the many ties professionals and managers might have with members of other organizations. In an era of strategic alliances, interorganizational ties are quite important, such as a product developer at the Jaguar division of Tata getting advice about door knobs from the Land Rover division of the same company.

Strength of Ties Among Network Members

Another key part of social network theory is the *strength-of-ties perspective*.⁵ For any particular actor, the most relevant part of the network has to do with the strength of the ties. A key proposition of the theory is that there are different densities in different parts of the network. A high-density network consists of close friends linked together. In contrast, a low-density network consists of acquaintances linked together. The relationships among the different actors in a network can broadly be classified into two major types: strong versus weak ties and direct versus indirect ties. An acquaintance would be a weak tie, whereas a close friend would be a strong tie. Strength of ties would ordinarily be measured by frequency of contact, yet some contacts could be relatively superficial and others might be more emotional and intimate. Brenda might ask Gus for status reports on his predictions about currency fluctuations, whereas she talks to Sylvie about her career and her relationship with her boss.

Some disagreement exists about the importance of strong ties in a network. One line of argument is that weak ties among actors are quite important. According to this reasoning, weak ties improve an organization's performance because more diverse information emerges from a larger environment, such as obtaining input on a project you are working on from a wide variety of people with whom you have a limited association. The people with whom a person has weak ties are less likely to be connected to each other. In sociological jargon, the person is embedded in a *structural hole*. The strength or value of these weak ties is that they are less likely to be redundant, and

more likely to be unique. As a result, they are information rich. If you lack weak ties, you might suffer from only receiving information from a close group of friends. Strategic thinkers tend to widen their network so they can capitalize on ideas from many sources.

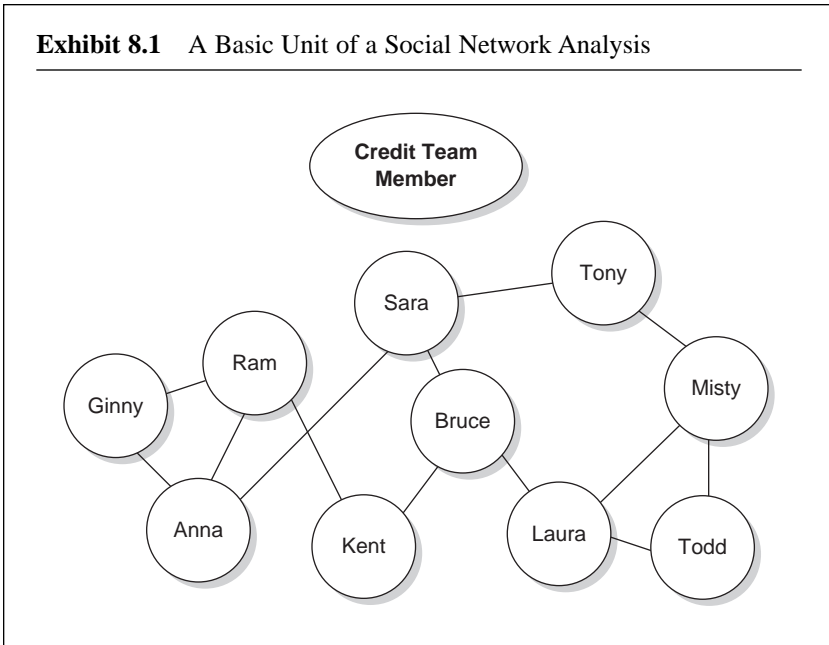
The opposite argument is that small networks characterized by strong ties are more functional to the organization because they provide the loyalty and coordination that enhance organizational performance. In the case at hand, it would be better to obtain more thoughtful input from a few people you knew well than collecting less well-thought-through input from casual contacts.

SOCIAL NETWORK ANALYSIS

The most widespread application of social network theory is to conduct a **social network analysis**, the mapping and measuring of relationships and links between and among people, groups, and organizations.⁶ The nodes in the network are the people, and the links show relationships or flow between and among the nodes as shown in Exhibit 8.1. Notice that Ram is an important node in the network because he is linked with Ginny, Anna, and Kent. Social network analysis helps explain how work gets accomplished in a given unit, such as shown in the interactions among Laura, Todd, and Misty on the right side of Exhibit 8.1. Perhaps the three of them mutually discuss credit risks. The interrelations can become quite complicated because of the large number of people and the many interactions between and among them.

An example of how a business firm might use social network analysis took place at MWH Global, an engineering and environmental consulting firm in Cheshire, England. To help with a reorganization in the IT division, the company analyzed the interactions among workers. Employees were asked which colleagues they consulted most frequently, who they relied on for expertise, and who either boosted or drained their energy. The answers were then analyzed in a social network analysis software program, and then laid out as a web of interconnecting nodes and lines. Ken Loughridge, the executive in charge of the new IT division, used the map to identify how work really got accomplished among the workers. The map also helped him to visualize the informal connections that do not appear on a traditional organization chart.

The new IT head used the map to identify well-connected technical experts with whom he should meet first. Six months later, when a key manager left the company, the executive referred back to the social network map in

Exhibit 8.1 A Basic Unit of a Social Network Analysis

order to reach out to the departed manager's closest contacts, and thus minimize disruption. Loughridge said of the analysis, "It's as if you took the top off of an anthill and could see where there is a hive of activity. It really helped me understand who the players were."⁷

Social network analysis helps management survey the informal interactions among employees that can lead to innovative ideas. At the same time, the maps can point to areas where workers should be collaborating but are not. In this way, the maps help facilitate knowledge sharing. The maps can also be used to pinpoint the interactions one manager has so he or she can give the information to a successor.

Another insight gleaned from social network analysis is that the lines indicate who trusts whom because they exchange ideas and go to each other for advice. Knowing who the *hubs*, *gatekeepers*, and *pulse keepers* are helps identify valuable employees and unearth innovative ideas. According to corporate anthropologist Karen Stephenson, knowing who trusts whom is as important as knowing who reports to whom. Finding out who trusts whom is part of the social network analysis, and is revealed by asking employees questions such as the following:⁸

- Who do you go to for a quick decision?
- Who do you hang out with socially?
- Who do you turn to for advice?
- Who do you go to with a good idea?
- Who do you go to for career advice?

A subtle political point about social network analysis maps is that more connections aren't necessarily the best for the organization. If one person is too connected, he or she could be a bottleneck. Also, it is okay for some workers who spend a lot of time with customers or have expertise in highly specialized areas to show up on the outside of the web of interactions.

INTERNAL AND EXTERNAL NETWORKS IN ORGANIZATIONS

As you probably have already inferred from social network theory, organizational members develop networks both within and outside their own organization. For example, a purchasing agent might have an important contact at a comparable company with whom he or she exchanges useful ideas about efficient purchasing. A powerful political player is usually connected both internally and externally. In this section, we describe internal and external networks, as well as information that bridges the two types of networks.

Internal Networks

A highly political purpose of an internal network is to gather intelligence information that might affect your welfare or that of your unit. By exchanging gossip with your intelligence agents, you might learn of an important development such as a pending merger that could result in consolidation of your unit with a comparable unit in the joint organization. With this knowledge in hand, you might begin preparing an analysis of what your unit has accomplished to present to high-level management. A positive use of an internal network would be to learn what type of technology the company might be adopting in the future so you might have time to prepare early for adapting to the new technology. If your company were going to drastically reduce in-person meetings with videoconferencing, it would be helpful for you to learn in advance how to present yourself comfortably in front of a camcorder.

In recognition of the importance of internal networks for accomplishing goals, some large firms establish formal networking groups. An example is the corporate women's networks, the aim of which is to recruit and retain top achievers. One of these groups is the GE Women's Network, which has 40,000 active members worldwide. The focus of the GE Network on leadership, advancement, and career-broadening opportunities has helped the company get to the point where women run businesses generating 20% of total company revenues. Women outside GE are invited to some of the key networking events, which helps the GE women strengthen their external as well as internal networks. Also, the company outsiders are key customers who might develop ties with the GE women that lead to a better working relationship and more sales.⁹

External Networks

One of the major reasons that an external network is important is that high-level business is facilitated by contacts, providing the business firm associated with the contact is capable of performing the work. An example of how personal contacts facilitate business took place after Hurricane Katrina in 2005. Several of the contracts for debris removal and reconstruction were hastily given to politically connected firms and were extended without warning months later. Criticisms of awarding these contracts on the basis of network membership were that they promoted waste and unfairly hurt small businesses.¹⁰

Powerful people develop powerful external networks, often because their power and influence enable them to attract influential people as nodes. A penultimate example of power contacts is the Carlyle Group, a private equity firm. Members of the group all have high-level contacts in business and government. Among the past power players have been former President George H. W. Bush, former Secretary of State James A. Baker III, President George W. Bush, and former British Prime Minister John Major. Recent power players have included former IBM chairman and CEO Louis V. Gerstner Jr., former SEC chairman Arthur Levitt, former General Electric vice-chairman David L. Calhoun, and former Time Inc. editor-in-chief Norman Pearlstine.

Carlyle has used its partners' collective relationships to build a highly profitable business buying, transforming, and selling companies, with a specialty in defense companies. Carlyle owns 200 companies that employ a total of 200,000 people. It has been predicted that Carlyle will have \$300 billion under management by 2012. Observe that having powerful nodes in your network makes you influential.

In addition to the well-connected nodes, Carlyle also hires associates who are help operate the company, and are expected to help build the future. The new hires must have good political skills. In the words of the manager in charge of recruiting, “We don’t want isolationists. We also don’t want cry-babies. And we don’t want mercenaries—people who are here to put a notch on their own gun. We want people to help us build a cannon.”¹¹

Internet-Mediated Social Networking for Business

Networking via the Internet supplements, and sometimes replaces, the more traditional approaches to business networking such as the Rolodex and the power lunch. The major network of this type is LinkedIn, a Web site that takes a personal business network online. LinkedIn is a community of more than 8 million people who rely on one another to accomplish work. The membership includes leading venture capitalists and entrepreneurs plus tens of thousands of employees from Google, Microsoft, and other technology firms that use LinkedIn for employee recruiting. The service is also used extensively for deal making—such as one company purchasing another—and for raising capital. LinkedIn members are free to invite other members, who then have to accept the invitation, to become part of the network. The service shows a maximum of 500 connections on a profile page.¹²

Another approach to networking via the Internet is Jigsaw.com, an online market that enables people to trade their contacts for more contacts (nodes) or cash. Every time you enter a nonmember’s information on its sight, you receive 10 points, enough to purchase two contacts from Jigsaw’s database. People who enter at least 25 contacts become members without charge. Without contributing new members, a person pays \$25 per month to access 25 contacts. Note that people can be entered without their approval. Jigsaw makes it easy to search for contacts based on name, company, geographic location, job category, and business size. Jigsaw, in essence, is a way of buying contacts or “friends” for \$1.00.¹³

Another method of social networking within organizations is to encourage workers to communicate with each other on popular social networking sites such as Facebook and MySpace. The Web sites enable the workers to form contacts in a relaxed, natural manner. The social networking site becomes a virtual water cooler, leading to relationship building. Serena Software Inc. was a pioneer in using Facebook to enhance in-company social networking. CEO Jeremy Burton said in a press release, “Social networking

tools like Facebook can bring us back together, help us to get to know each other as people, help us understand our business and our products, and help us better serve our customers.”¹⁴

To make contacts from a social networking site more focused, some companies develop an in-company social networking site. One application is to collect individual contact data including past employment histories. You can type in a name such as Dell Computer, and then find that a colleague in another division worked there in the printing department. With the contact’s permission, you can then get in touch with a worker at your target company (in this case, Dell).¹⁵ From a political standpoint, your expectation is that the Dell worker would become a useful member of your social network.

Online business networking has an extraordinary reach, with some members claiming around 28,000 contacts. The reach is also a limitation, with most of these links being quite thin rather than dense. Many of the relationships are superficial and therefore not particularly useful when you need help from a friend. Another concern about social networking sites is that they generate hundreds of unwanted e-mail messages from people wanting you to be part of their network.

How Leaders Use Internal and External Networks

A way of integrating knowledge about internal and external social networks is to understand how leaders create and use these networks. Based on their interviews with 30 leaders, Professors Herminia Ibarra and Mark Hunter discovered three distinct forms of networking: operational, personal, and strategic.¹⁶

- *Operational networking* is geared toward accomplishing one’s assigned tasks more effectively. To execute operational networking, one must cultivate strong relationships with colleagues whose membership in the network is unambiguous because they are stakeholders. The people (or nodes) in the operational network are the people the manager depends on to accomplish immediate tasks, and most of the contracts are internal.
- *Personal networking* is an external type of networking which engages people of similar interests outside the organization in a leader’s efforts to grow professionally and find opportunities for personal advancement. Professional associations and alumni groups are often included

in personal networking, as might be a mentor. Other people in the network might help the manager reach the person he or she needs, such as finding an executive coach who might be a good fit. Maintaining contact with an executive recruiter might help the leader/manager to gain insight into what types of skills are in demand in the industry. The leader might also learn of a position for which he or she is qualified that would represent a promotion, more compensation, or both.

- *Strategic networking* is aimed directly at attaining business goals. At this high level of networking, the manager creates the type of network that will uncover and capitalize on new opportunities for the company, such as a tractor and lawnmower company contemplating diversifying into the production of windmills. Both internal and external network members might help the leader deal with strategic issues. The ability to network at the level of attaining business goals is characteristic of a strong and strategically minded leader.

The effective manager or leader uses all three forms of networking, and the three types are often interdependent. An example would be someone in the personal network—such as a mentor—asking questions that triggered strategic thinking. For example, the mentor might challenge the manager to think through what type of services his or her unit should be providing to the organization. One mentor asked a manager why her unit, a human resources group, was not providing retirement counseling, considering all the baby boomers on the payroll who would soon be eligible for retirement.

SOCIAL NETWORKS AND GROUP AND ORGANIZATIONAL PERFORMANCE

It is widely assumed that when an organization has many members with good connections, both organizational units and the total organization will perform better. Why else would the Carlyle Group pay huge compensation to former high-level politicians, government officials, and business executives? Here we look at three research studies supporting the proposition that social networks enhance group and organizational performance. We assume that if social networking is improving group and organizational performance, individual worker performance is also enhanced because individual workers are the building blocks of work groups and organizations.

Group Performance and Social Networking

Prasad Balkundi and David A. Harrison conducted a meta-analysis of 37 studies of teams in natural contexts such as factories and laboratories. A total of 3,098 teams were represented in the study. All of the studies included in the meta-analysis had used social network analysis or similar methodology to map the networks, and had objective measures of team performance.¹⁷

A major finding is that teams with dense interpersonal ties attain their goals better and are more committed to staying together; both team task performance and viability are higher. It was also found that teams with leaders who are central within the team's intragroup (internal) network tend to perform better. It is also of note that when the team is a central part of its intergroup network, the team performs better. The point here is that the entire team can be a node in a group social network. The ties among people in the study were classified as either advice/instrumental or friendship/affective. An advice/instrumental tie is more task-oriented, such as asking a node how to convert British pounds into U.S. dollars, and vice versa. A friendship/affective tie is more relationship oriented, such as asking a node to listen to your complaints about a coworker or the team leader.

Looking at the study in question in more detail, seven hypotheses were supported as listed next. We choose to include the hypotheses most directly related to the relationship between social networks and team performance.

1. Density of ties in a team's instrumental social network is positively associated with team task performance. (The team gets the job done better with close friends in the group who help each other with tasks.)

2. Density of ties in a team's expressive social network is positively associated with team task performance. (The team gets the job done better when the members have friendly interactions.)

3. Density of ties in a team's instrumental social network is positively associated with team viability. (When teammates have close ties with others and assist each other with tasks, low turnover results.)

4. Density of ties in a team's expressive social network is positively associated with team viability. (When teammates have close ties with people with whom they have friendly interactions, better team performance results.)

5. Relationships between network density and team outcomes reflect a match of tie content in that expressive network density is more strongly related

than instrumental network density to team viability. (Having emotional attachments among teammates is more important for low turnover than ties related to task performance.)

6. Centrality of a team's formal leader in a team's informal network is positively associated with team task performance. (A well-connected leader helps the team perform well.)

7. Team centrality in an intergroup network is positively associated with team task performance. (A well-connected team is in a better position to accomplish work.)

A study conducted with small businesses in Korea included an examination of how group social capital is related to group effectiveness. A group with high social capital has the right types of social connections that make it possible to effectively employ other types of capital they possess, such as financial resources and skills. Group effectiveness was measured by upper management's evaluation of a team in relation to such factors as quantity and quality of work, and ability to complete work on time. A general finding was that greater group social capital contributes to group effectiveness because these groups (a) have better access to important resources necessary to improve their performance and (b) quickly respond to challenges that arise.

The type of informal socializing ties within a group also has an impact on group effectiveness. The optimal configuration of ties is a moderate degree of internal closure, with *closure* being defined as all members being connected to one another. The study also found that the optimal configuration of these informal socializing ties across groups is a large number of bridging relationships to other groups' leaders. A *bridging relationship* is defined as ties among heterogeneous people.¹⁸

Organizational Performance and Social Networking

Social networks grow in importance if they can elevate the performance of an entire business firm. Christopher J. Collins and Kevin D. Clark conducted a study in 73 high-technology firms to investigate the possibility that specific network building practices by top management teams enhanced firm performance. The network building human resource practices measured in the study included training, performance assessment, and rewards designed to encourage executives to build relationships with external and internal actors.

An example of a network-building HR practice was giving top-management team members expense accounts for developing job-related personal contacts.

External and internal social contacts were measured by respondents evaluating the size, range, and strength of ties for their contacts in nine external and internal categories of actors. Among the contacts were suppliers, customers, and financial institutions; internal contacts included sales and marketing, research and development, and operations. Firm performance was measured in terms of sales growth and stock performance.

A major finding of the study was that top-level managers' networks mediated or influenced the relationship between human resources practices and firm performance. Human resources practices lead to higher performance by developing and reinforcing employee-based resources that are valuable in a competitive environment. In short, the HR practices help build the internal and external networks of the executives, and the networks help improve firm performance. An example of a specific finding was that a one standard deviation increase in specific network-building practices yielded an 18.7% growth in sales and a 2.55% stock return.¹⁹

SOCIAL NETWORKS AND CAREER ADVANCEMENT

Virtually all career guides emphasize the importance of social networking in both finding a job and advancing one's career. Contacts help you get into a firm, and then enable you to advance. Although the association between contacts and career advancement is as certain as the link between exercise and weight loss, a few examples of this relationship may prove helpful.

- George O'Leary was the Notre Dame head football coach for five days in December 2001, before being fired because it was discovered that he fibbed on his job résumé about lettering in football at the University of New Hampshire and earning a master's degree from New York University. However, in 2002 Mike Tice, the head coach of the Minnesota Vikings, hired O'Leary as the defensive line and assistant head coach of the Vikings. Tice was a former student of O'Leary's, and also a close personal friend. A few years later, O'Leary continued his career rehabilitation and became the head coach of the University of Central Florida football team.

- An effective route to becoming a board member is to have personal contact with executive recruiters. The executive recruiting firm Korn/Ferry estimates that about one half of all new board appointments come through headhunters. The recruiter acts as a matchmaker.²⁰ Building relationships with recruiters will also give a person access to other managerial positions because most companies do not advertise the positions recruiters are hired to help fill.²¹
- An interview study of 15 high-level executives revealed that, for managers in the modern workplace, career advancement is closely associated with having a network of multiple mentors. These mentors have the potential to help protégés continually acquire knowledge which they can leverage for career and personal success within and across organizational boundaries.²² Mentors represent powerful nodes in a person's network.

SUGGESTIONS FOR BUILDING AND MAINTAINING SOCIAL NETWORKS

A key part of systematic knowledge about social networks is to follow suggestions for building and maintaining them. Effective networking involves far more than making “friends” on Web site networks or handing out business cards to any person who comes within 3 feet of you. The suggestions that follow are divided into those based on scholarly research about social networking, and those based mostly on experience and intuition. Exhibit 8.2 gives you the opportunity to think through your level of networking activity and skill.

Networking Suggestions Based on Scholarly Research

A modest amount of research has been conducted about how to network more effectively for career advancement. A starting point is recent research by N. Anand and Jay A. Conger, based on observations of effective networkers. Four capabilities were found to be characteristic of effective networking behavior: (1) seeking out the most influential individual in any given situation, (2) matchmaking people who are compatible or have complementary needs to get things done, (3) taking the initiative to enlarge the number of people one is connected to, and (4) interacting in a friendly manner with others to build positive relationships.

Exhibit 8.2 My Networking Activity and Skill

Directions: Indicate whether each of the following statements is “Mostly true” or “Mostly false.”

<i>Statement</i>	<i>Mostly True</i>	<i>Mostly False</i>
1. I have loads of up-to-date business cards ready to hand out to contacts.		
2. I have an electronic business card capability built into a hand-held electronic device.		
3. I maintain a database of all influential people I meet.		
4. I regularly update my database of all influential people I meet.		
5. I initiate conversations with people in public places such as airports, just to see if they might fit into my network.		
6. I regularly attend business networking events in my community.		
7. I have given my business card out to hundreds of people.		
8. For me, it would be okay to hand out my business card to potential network members at a wedding, engagement shower, or similar gathering of family and friends.		
9. I belong to an Internet social networking site like MySpace or Friendster, and use it to make contacts for business or my career.		
10. At school I attempt (or did attempt) to make personal contact with professors who might be able to help me in my career.		
11. I already have my own Web site, and I let other people know about it.		
12. When somebody I know receives a significant promotion, I will contact that person by e-mail or phone to offer my congratulations.		
13. When I attend a formal networking event, I am quite active in introducing myself to many people.		
14. I attend a professional meeting, trade meeting, or student professional group in my field at least twice a year.		

<i>Statement</i>	<i>Mostly True</i>	<i>Mostly False</i>
15. When I ask anybody in my network or potential network for a favor, I explain how I will reciprocate.		
16. I regularly send e-mails or postcards to most of the people in my network.		
17. The people in my network are diverse in terms of age, sex, race, ethnic background, and field of specialty.		
18. Loads of people know who I am.		
19. I have asked people in my network to suggest the names of other people who might fit into my network.		
20. I am prepared to give a one-minute presentation about myself and my accomplishments.		
21. For most challenges and problems I face, I know people I can count on to help me.		
22. At least once, I have contacted a well-known person such as a famous business executive to make him or her aware of my presence.		
23. I almost always thank people for any favor related to work or school.		
24. My name can be found for a neutral or positive reason on at least one of the major Internet search engines.		
25. I have made a systematic effort to contact my relatives throughout the country to let them know who I am and the type of work I do.		

Total: “Mostly True” ____ “Mostly False” ____

Scoring and Interpretation: Count your number of “Mostly true” responses.

- 20–25 You are quite active in networking, and this activity should boost your career and help you solve problems.
- 8–19 It appears that you do enough networking to help you solve problems and advance your career, but some more positive networking would benefit you.
- 1–7 Unless you have some rare talents that are in high demand, you need to network more to help you in your career.

The matchmaking capability generally assumes that the person is a manager with enough power to bring people together, such as building relationships between departments. A typical comment of a matchmaker is, "I think you should meet . . ." The connections between people are designed to help the organization, such as matching up one worker with a new product idea with an executive who has some seed money to invest.

The study found that just about 2% of executives excel at all four capabilities. A challenge in developing these capabilities is that they are dependent in part on personality, such as a person who scores high on the trait of agreeableness finding it easier to interact with others in a friendly manner. Yet people who are less agreeable can put extra effort into being amiable. Overall, Anand and Conger recommend that you focus on one of the capabilities and learn from someone who might be "best-in-class" in that capability.²³ For example, you might observe how a particularly gregarious manager or professional meets and greets contacts.

A study by Tiziana Casciaro and Miguel Sousa Lobo of 10,000 work relationships in five organizations found that nodes in a social network tend to be chosen not by ability but on the basis of likability. The authors classified people in the network into four types: The *competent jerk* has a lot of knowledge but is unpleasant; the *lovable fool* doesn't have much knowledge but is delightful to work with; the *lovable star* is both knowledgeable and likable; and the *incompetent jerk* has limited knowledge and is unlikable. The lovable fool is usually chosen over the competent jerk as a node. The implication for effective networking is not to be so readily taken in by the lovable fool. Because a person is fun to work with, it doesn't mean that he or she will be a valuable node in your network. At the same time, find a way to build a bridge to the *competent jerk* because that person might have some wonderful knowledge and skills to share. Use a technique like ingratiation to establish rapport with him or her.²⁴

Based on case studies and some published research, Brian Uzzi and Shannon Dunlap conclude that strong personal networks do not just happen around a water cooler or at reunions with old classmates. Much of their advice relates to having your ideas disseminated personally to people you do not know by using the people you gather into your network. An idea to plant in the network might include a new product or service that could benefit from outside funding. Many personal networks are highly clustered in the sense that network members share the same friends. A stronger network occurs when you develop ties with people who have a different set of contacts from yours.

Networks have to be constructed through relatively high-stakes activities that bring you into contact with diverse people. Diversity in terms of culture, industry, and functional specialty is particularly helpful. The shared activities Uzzi and Dunlap recommend include sports teams, community service activities, voluntary associations, board membership, cross-functional teams, and charitable groups. The diverse people in your network might then inform others in their networks about your ideas.²⁵

Networking Suggestions Based on Experience and Intuition

The focus on social networking for purposes of career advancement is to develop and maintain contacts with influential people who might be in a position to help you with respect to your career. Also, regard networking as a long-term strategy in which you gradually build contacts that will serve you now and in the long run. The popular literature about career networking is vast, yet much of it overlaps around a few similar themes. Following are 10 representative suggestions for effective career networking.

1. *Create a visible identity.* The ideal base for effective career networking is to find some way to stand out from the crowd, based on reputation, talent, appearance, or personality. Yet even without one or more of these attributes, being able to start a conversation at a networking event will give you a small edge. Making a comment about the weather or a recent major sporting event is overdone, so you might be more creative with a question of this nature: “What is your link to this event?” or “What is your specialty within corporate finance?” In general, asking the other person about him or herself is a good starting point in getting the conversation rolling.

2. *Listen actively to your target.* Another way of distinguishing yourself at a networking event or other opportunity is to listen actively to the other person. In review, active listening involves an intense focus on the other person, including observing body language and what is *not* said. The target will appreciate being listened to, and will probably give you your turn to say something about yourself. An effective question to keep your target talking is, “What is the most exciting part of your work?”²⁶

3. *Be prepared to hand out your business card.* The humble business card remains a standard networking tool. The card should have an impressive,

uncluttered appearance, and preferably be engraved rather than using flat printing. A person who is not employed at the time can still have an impressive card that mentions his or her specialty and city, such as “Jennifer Green, production scheduler, Jacksonville, Florida.” Electronic business cards in which you download a copy of your card to the personal digital assistant of your target should also appear professional and uncluttered. Microsoft Office Online offers a selection of impressive electronic business cards.

4. *Develop a polished 30-second presentation about yourself.* Another standard networking tool is to rehearse a brief (less than one minute) presentation describing who you are. This presentation is sometimes referred to as an *elevator speech* because it is used for brief meetings with people, such as in an elevator in an office tower. The brief presentation is a useful way to get started presenting yourself at networking events, at job fairs, and when meeting potential network members at social events. Here is a 30-second presentation for the woman mentioned above: “Hi, I’m Jennifer Green, a production scheduler. I majored in business administration at the University of Florida, and also studied manufacturing engineering. I am looking to make an impact in a domestic manufacturing setting to help the plant compete more successfully on an international scale. I am pleased to meet you.” The presentation is particularly valuable when attempting to network with people of high status, who tend to guard their time carefully.

5. *Be sensitive to the fact that some networking targets are overloaded with requests.* Too many networking agents are chasing the same networking targets. People of the stature of Donald Trump, Bill Gates, or Martha Stewart receive thousands of unsolicited requests each month from people who would like to team up with them on a breakthrough money-making idea. When attempting to invite a busy person to become part of your network, it is best to ask for a specific, small favor such as that person mentioning you to a particular hiring manager. Kenneth Norton, the director of product management at Yahoo!, has developed the term *snam*, for unwanted e-mail generated by Web sites like Friendster and LinkedIn. (*Snam* = social networking spam.)²⁷ One way of overcoming resentment to yet another network request is to state, “I recognize that you are probably overloaded with personal requests, but what I need will only take about two minutes of your time. And I am willing to reciprocate in any way feasible.” Inviting a busy, influential person to have breakfast, lunch, or dinner with you is usually asking for too much time.

6. *Explain how you will reciprocate any favors.* Most networking involves asking the target for some favor, such as a job lead, source of funding for a business, mentoring, or technical assistance. A fundamental principle of effective networking is to explain how you will reciprocate in such ways as referring business in the other person's direction, preparing some computer graphics for your target, or getting his or her vehicle serviced. A major mistake in networking is to regard it as a method of obtaining favors from people rather than an exchange of benefits. The buzzword is that you have to add value. A subtle way of networking is to assist people in advance of when you might need help from them. You might be able to receive a favor in return should you need one.

7. *Capitalize on networking opportunities.* The successful networker searches for natural opportunities to interact with people inside and outside the organization. Among these diverse activities would be company social events, happy hour, local networking groups, national trade groups and professional organizations, and management or professional development programs. It is also helpful to attend company meetings where executives might be present. Examples of networking groups include Breakfast Club of America, the Northern Virginia Technology Council, and Women of Power Summit.

8. *Justify your networking request.* When approaching someone to be part of your network, explain how you received his or her name or refresh the person's mind as to how you met previously. Potential nodes are forced to say too often: "Who is this person? He (or she) is nobody I ever heard of."

9. *Notify network members of a change in status.* When you have a change of status, such as accepting a new position, let this be an opportunity to notify network members. Let all network members know should you change your e-mail address or telephone number. Notifying others of a change of status may help them remember you.

10. *Play golf reasonably well.* This same networking suggestion could have been made 100 years ago, and will probably be valid for the indefinite future. Many valuable career contacts and business deals are made on the golf course and in the clubhouse. Real estate professional Kristen Schwark neatly sums up the networking advantages of golf: "One thing I've found is that if a man finds out you play golf, they [he] think that's really neat. So if in conversation, a prospective client says they [he] play golf a little bit, I might just

suggest we go play a round. Golf can be an excellent common ground.”²⁸ Whether playing on public links or a private golf course, your skill in golf must be high enough not to appear to be playing golf exclusively for making contacts.

At a handful of elite golf courses whose membership consists mostly of powerful business executives, the club culture frowns upon talking directly about business. Short pants on the course are also forbidden, even in the most sweltering heat. One of these clubs is the Pebble Beach Golf Links in California.²⁹ Nevertheless, playing golf together is a relationship builder that facilitates business talk back at the office. Chris Sullivan, the Outback Steakhouse founder and golf course developer, long ago recognized the networking value in golf, and has frequently capitalized on it during his career. He has played with several people who later became Outback franchisees and suppliers.³⁰

SUMMARY

Developing contacts with influential people is one of the most fundamental principles of organizational politics. A social network is a specific set of linkages among a defined set of individuals. Social network theory regards social relationships in terms of nodes (people) and ties (relationships between and among people).

An actor with strong social capital can draw on the resources of many people because he or she is well connected. If you are connected to many influential people, you will have more social capital and political clout. Social network theory emphasizes ties among people rather than the attributes of the actors within the network.

The strength of ties perspective explains that there are different densities (closeness of friendships) in different parts of the network. The relationships among actors in the network can be strong or weak. One argument is that weak ties improve an organization's performance because more diverse information emerges from a larger environment. Also, the people with whom a person has weak ties are more likely to be connected to each other. The ties are less likely to be redundant. The counterargument is that strong ties are functional to the organization because they provide the loyalty and coordination that enhance organizational performance.

Social network analysis allows for the mapping and measuring of relationships between and among people and organizations. Social network analysis

helps management survey the informal interaction among employees that can lead to innovative ideas. The same type of analysis indicates who trusts whom because they exchange ideas and go to each other for advice. Social network analysis is based on answers to such questions as, “Whom do you go to for a quick decision?” and “To whom do you turn for advice?”

Internal networks are useful for gathering intelligence. In recognition of the importance of internal networks for goal accomplishment, some firms establish formal networking groups, such as the GE Women’s Network. One of the major reasons why an external network is important is that high-level business is facilitated by contacts. Powerful people develop powerful external networks, partly because they are influential.

Networking via the Internet supplements, and sometimes replaces, the more traditional approaches to business networking. LinkedIn takes a personal business network online. To make contacts from a social networking site more focused, some companies develop an in-company social networking site.

One study showed that leaders use three distinct forms of networking: operational, personal, and strategic. The effective leader uses all three forms, and the three types are often interdependent—such as a personal contact triggering strategic thinking.

Research evidence suggests that social networks enhance group and organizational performance. One study showed that teams with dense interpersonal ties attain their goals better, and are more committed to staying together. Also, team leaders who are central within the team’s internal network tend to perform better. A study in Korea showed that greater group social capital contributes to group effectiveness because of better access to resources, and quicker responses to challenges. A study in high-tech firms found that top-level managers’ networks influenced the relationship between human resources practices and firm performance. The HR practices helped build the networks, and the networks helped improve performance.

Social networking is useful for job finding and career advancement. Several networking suggestions have been based on research. Two suggestions stemming from one study are: (1) Take the initiative to enlarge the number of your contacts; and (2) interact in a friendly manner to build positive relationships. A second study showed that too much networking takes place on the basis of likability rather than knowledge. A third study recommended developing a strong network by building contacts with people with different contacts than your own. Your ideas will then receive wider dissemination. High-level shared activities are useful in building the contacts.

Networking suggestions based most on experience and intuition presented here are: (1) Create a visible identity; (2) listen actively to your target; (3) hand out business cards; (4) develop a 30-second presentation to describe yourself; (5) recognize that some network targets are overloaded with requests; (6) explain how you will reciprocate; (7) capitalize on networking opportunities; (8) justify your networking request; (9) notify nodes of your change in status; and (10) play golf reasonably well.

QUESTIONS AND ACTIVITIES

1. What can you do today to help strengthen your social network?
2. In what way does social network analysis reveal more information than one might find in an annual report?
3. Suppose a node in a social network does not have enough lines pointing to him or her. What can political tactics can that person implement to attract more lines (relationships)?
4. If you were a business owner, would you invest in a social network analysis of your company? Why or why not?
5. How credible to you was the research reported in this chapter that top-level management membership in internal and external networks was associated with the financial performance of the firm?
6. How do you think joining a social networking Web site such as LinkedIn would help you advance your career?
7. Ask a couple of the most successful people you know what they do to network. Be prepared to share your answers with classmates.

CASE STUDY: NETWORKING ASHLEY

Ashley Gomez worked for several years as an accounts payable supervisor at a hospital. She enjoyed the work, the group she supervised, and the hospital setting. Yet Ashley craved a more adventurous career, work with more flexible hours, and the opportunity to earn a higher income.

In her words, “Brad, my husband, and I both work, but we are struggling to break even. We need to build up an investment portfolio so we can send our children to college. Shauna, our oldest, starts college in three years.”

While searching several job boards on the Internet, Ashley saw an opening for a mortgage broker in White Plains, New York—the same town in which she and her family lived. Shortly after sending a résumé and cover letter to Regency Brokers, Ashley received a phone call from Keith Rowe, the Regency owner. She agreed to an interview and was offered the job during her second interview. The job offer meant that Ashley would represent Regency in obtaining contracts for the company to place residential and commercial mortgages. Ashley would work on commission only, receiving 50% of the value of the contract. The borrowers would pay a \$250 fee for having Regency find them a suitable mortgage. In addition, Ashley would receive about 25% of the fee the mortgage holder paid Regency.

Before agreeing to quit her job at the hospital and sign up with Regency, Ashley asked what it would take for her to be successful as a mortgage broker. Keith replied, “I have a single answer for you. Network like crazy. There are hundreds of people out there who need a mortgage now or in the future, or who would like to refinance. You just have to find them before another mortgage broker does or they go directly to their bank or credit union.

“A few years back, some mortgage brokers in our office were making over \$300,000 per year. The business has cooled down somewhat, but there is still lots of opportunity. Residential and small business sales are not going away. You create your own destiny in this business.”

With some trepidation, Ashley accepted the position. She and Brad agreed that she already had a lot of contacts, and that she could add all of Brad’s contacts to her network. Ashley became a certified representative for Regency on March 1, just before the peak home-buying season. She maintained a Word diary of her networking activities, with nine of her entries as follows:

March 8: While getting my hair done at Chez Pauline, I gave out my card to all nine women at the salon, along with the owner and two other stylists. I explained to them that if any of them needed a new mortgage, or wanted to refinance, they should just contact me. I also told them to please refer to me anybody they heard of who wanted an original mortgage or to refinance.

March 19: I sent e-mail messages to the 50 people I knew best in my graduating class at college, informing them of my new position and how I could help in finding the best mortgage for them.

April 1: I went to a large home furnishing store, and started up conversations with several of the shoppers. I gave each one a card, with the same pitch about their own needs or referring to me anybody who was mortgage shopping.

April 17: While taking a break at Starbucks, I overheard a couple talking about their plans for home ownership. I quickly introduced myself and gave the couple my business card. Unfortunately, I happened to splatter my coffee on the man's shirt.

May 3: We had a plumbing problem with the air-conditioning unit dumping water all over the floor. The plumber was a friendly guy, so I popped him my business card just in case he was looking for a mortgage. I asked him to tell others in his plumbing company about me also.

June 25: I attended a 10-year high-school reunion, and gave about 50 people my card after striking up a conversation with them.

July 1: I hit five garage sales in one day. I struck up conversations with as many people as I could and gave them my card. One lady seemed interested.

July 15: I asked dear old mom and dad to give me the names, e-mail addresses, and phone numbers of their 10 closest friends. I contacted every one, explaining how I might be able to obtain the best possible mortgage for them.

August 16: I attended the White Plains chapter of Finance Women in Business, and gave my card out to 26 members. However, most of the women said they were not looking for a mortgage.

After 7 months of searching for sales leads through networking and some random telephone calls, Ashley had earned a total of \$1,850 in commissions. Feeling discouraged and beaten down, she asked Keith for advice. Keith replied, "You are doing a good job of networking. But remember, you are just planting seeds. It will take time for you to develop a successful mortgage broker business. Just dig into your savings to tide you over until you are making as much money as you want. Also, have you and Brad or your parents thought about refinancing your mortgage? You would get credit for those fees."

Case Study Questions

1. What is your evaluation of Ashley's networking technique and skills?
 2. What suggestions can you offer Ashley so she can develop a more useful set of leads?
 3. What is your evaluation of Ashley's political skill?
 4. What is your evaluation of Keith's political skill?
 5. What career advice might you offer Ashley about staying with Regency?
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POLITICAL SKILL-BUILDING EXERCISE 8**Building Your Network**

Networking can be regarded as the process of building a team that works with you to achieve success. You can start the following exercise now, but it will probably take your entire career to implement completely. To start networking or make your present networking more systematic, take the following steps:

Step 1: Jot down your top three goals or objectives for the following three months, such as obtaining a new job or promotion, starting a small business, or doing a field research study.

1. _____
2. _____
3. _____

Step 2: List family members, friends, or acquaintances who could assist you in meeting your goals or objectives. Prepare a contact card, database, or Internet social network entry for each person on your list, including as many details as you can about the person and the person's family, friends, employers, and contacts.

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(Continued)

Step 3: Identify what assistance you will request of your contact or contacts. Be realistic in light of your prior investment in the relationship. Remember, you have to be a friend to have a friend.

Step 4: Identify how you will meet your contact or contacts during the next month. Could it be for lunch or at an athletic field, nightclub, sports club, recreational facility on campus, cafeteria, and so forth? Could it be on a professional social networking site? Learn more about your contacts during your face-to-face meetings. In some cases, you may have to use the telephone or e-mail to substitute for an in-person meeting. Look for ways to mutually benefit from the relationship. At the beginning of each week, verify that you have made a small investment in building these relationships.

Step 5: Ask for the help you need. A network must benefit you. Thank the contact for any help given. Jot down on your planner a reminder to make a follow-up call, write a letter, or send an e-mail message to your contacts. In this way, you will have less work to do before you make another request for help.

Step 6: For each person in your network, think of a favor, however small, that you can return to him or her. Without reciprocity, a network fades rapidly.

SOURCE: The idea for this exercise derives from Kitter, C. (1998, March). Taking the work out of networking. *Success Workshop*, supplement to *The Pryor Report*, pp. 1–2. The exercise presented here is modernized.

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