

# Creating Value: The Social Capital of Leaders

The shift to less hierarchical companies and global markets has triggered a shift from vertical chains of command to horizontal lines of cooperation. Business leaders have a choice between two strategies for adding value: Brokerage is a strategy for creating value, cohesion is a strategy for delivering on a known value stream. This session is about the first strategy, brokerage. It is about successful leaders who read organizations and markets to figure out what to do, and who to involve in getting it done. Such leaders have social capital. This session is about what it means to have social capital, and how having it is linked to value. The following sequence of questions will be addressed:

What is the structure of a high-value-add organization, and how does it depend on financial, human, and social capital?

What is the distinction between human and social capital, and how does each enhance leader performance? In other words, what is wrong about the following famous quote:

"If a man can write a better book, preach a better sermon, or make a better mousetrap than his neighbor, though he builds his house in the woods, the world will make a beaten path to his door."

How do leaders thrive even if they don't have direct control over the resources needed to deliver on their ideas?

What is it about successful leaders like John Clendenin that most irritates (perhaps one could say "frightens") the people around them?

Appendices:

I. Network Metrics (page 16, from Structural Holes)

II. Social Capital in Brief (pages 17-18, from Financial Times)

III. Example Network Web Survey (pages 19-21)

IV. Contingent Value (pages 22-23, from Brokerage and Closure)

V. Personality (pages 24-25, from "Personality Correlates of Structural Holes")

VI. National Differences in Business Culture (pages 26-28, from "The Social Capital of French and American Managers")

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For text on this session, see Chapters 1 and 2 in *Brokerage and Closure*.





Aggregate value added by several working independently

Aggregate value added by several working together in your organization

FUNDAMENTAL QUESTION: What value does your organization add?

## Value Added by Leadership

Value added by an individual or group working outside your organization

$$VA_{group} = f(x)$$

$$VA_{aggregate} = f(x_1) + f(x_2) + f(x_3) + \dots$$

$$VA_{\text{organization}} = f(x_1, x_2, x_3, \ldots)$$

$$f(x_1, x_2, x_3, ...) > f(x_1) + f(x_2) + f(x_3) + ...$$

HUMAN CAPITAL: competitive advantage due to individual abilities or skills SOCIAL CAPITAL: competitive advantage due to surrounding organization





associated with integrating operations across mergers and

data from www.hoovers.com

**Creating Value, Page 3:** The Social Capital of Leaders



## **Assessing the Value of Affymax**

- 1988 Affymax Research Institute founded by Dr. Alejandro Zaffaroni to accelerate the drug discovery process.
- 1991 Affymax IPO as leader in the field of combinatorial chemistry
- 1995 Affymax and its holdings in spin-offs acquired by Glaxo-Wellcome in a buy-out valued at \$485 million.
- 2000 Glaxo-Wellcome receives \$500 million for reducing its 65% interest in spin-off Affymetrix to 16%.
- 2001 Affymax Research Institute re-emerges as an independent company when a syndicate of venture capital firms led by Patricof & Co. Ventures purchases GlaxoSmithKline's interest in Affymax.

What structure?

What value added?

How controlled?



Creating Value, Page 5: The Social Capital of Leaders



## **Building for Information Benefits**



Creating Value, Page 6: The Social Capital of Leaders Here is the core network for a job BEFORE and AFTER the employee expanded the social capital of the job by reallocating network time and energy to more diverse contacts.

![](_page_6_Figure_1.jpeg)

## To Create Value, Bridge Structural Holes

**STRUCTURAL HOLE** disconnection between two groups or clusters of people

BRIDGE relation across structural hole

NETWORK ENTREPRENEUR person who creates value by coordinating across a hole

\*Network scores refer to direct contacts.

Creating Value, Page 7: The Social Capital of Leaders

from Figure 1.4 in Burt (1992, *Structural Holes*) and Figure 1.2 in *Brokerage and Closure* (see Appendix I on network metrics; *Financial Times* article in Appendix II on social capital & structural holes)

![](_page_7_Picture_0.jpeg)

![](_page_7_Figure_1.jpeg)

![](_page_7_Figure_2.jpeg)

The Small World of Supply Chain Managers in a Large Electronics Firm

Creating Value, Page 8: The Social Capital of Leaders

![](_page_8_Picture_0.jpeg)

## Predicting Supply-Chain Performance in a Large Electronics Company

![](_page_8_Figure_2.jpeg)

Creating Value, Page 9: The Social Capital of Leaders

From Burt, "Structural holes and good ideas" (2004, American Journal of Sociology). These are graphs A and B on the next page.

![](_page_9_Picture_0.jpeg)

### Social Capital, Achievement, Rewards

more constraint means fewer structural holes, less social capital, and so lower performance (z-score performance)

![](_page_9_Figure_3.jpeg)

Creating Value, Page 10: The Social Capital of Leaders

From Figure 1.5 in *Brokerage and Closure*. See Appendix III for association with personality, Appendix V for national differences in business cultures

![](_page_10_Figure_0.jpeg)

#### Performance Increases with Brokerage, Especially at High Levels of Brokerage

Circles are average z-score performance (Z) for a five-point interval of network constraint (C) within each study population. Dashed line goes through mean values of Z for intervals of C. Bold line is performance predicted by the natural logarithm of C.

Creating Value, Page 11: The Social Capital of Leaders

![](_page_11_Figure_0.jpeg)

Creating Value, Page 12: The Social Capital of Leaders

![](_page_12_Picture_0.jpeg)

#### **Creativity & Learning — Brokerage and "Best Idea"**

![](_page_12_Figure_2.jpeg)

Creating Value, Page 13: The Social Capital of Leaders

![](_page_13_Picture_0.jpeg)

## Adaptive Implementation — John A. Clendenin at Xerox

The case for discussion is Clendenin's management of the Multinational Distribution Center (MDC). After a stint in the Marine Corps and graduation from business school, Clendenin joined Xerox in 1984. A series of successful projects earned Clendenin promotion in December 1984 to administrative manager for the parts and supply area. He found, hidden away within his domain a small subunit, the Multinational Systems Development Center (MSDC), which was responsible for developing and maintaining systems to improve communication between the logistics and distribution operations within each of Xerox's worldwide operating units. Though not viewed as

![](_page_13_Picture_3.jpeg)

an important part of Xerox's operations, the MDSC was responsible for tracking the distribution of Xerox's \$8 billion per year in copiers and spare parts from 23 manufacturing plants in 15 countries. Analyzing the existing system, Clendenin calculated that the MSDC had the potential to reduce operating costs by approximately \$100 million per year.

Clendenin builds the social capital of the MDC and himself over the subsequent years. Managing through the self-interest of others, he nurtures subordinates in a lively, competitive work environment, and adds value to internal clients with cost reduction programs that coordinate across the structural holes between Xerox's regional logistic operations. The result is a quotable success story: The MDC grows from four to 42 people before Clendenin is rotated in 1989 into a new management position in logistics. The MDC's budget grows from \$400K to \$4.3M. Over Clendenin's tenure, his organization is credited with taking \$700M in inventory costs out of Xerox's operating expenses, reducing the company's \$2.6B supply-chain spend down to \$1.9B.

#### **Case Discussion Questions\***

- 1. Clendenin seems to be a master at creating resources where none existed before (for example, the growth of the MDC). How does he do it?
- 2. Would you want to work for someone like Clendenin? What are the benefits? Disadvantages?
- 3. Would you hire someone like Clendenin to work for you in your organization? How do you manage this kind of talent?

Creating Value, Page 14: The Social Capital of Leaders

![](_page_14_Picture_0.jpeg)

## 1. THERE IS A SOCIAL ORDER TO ORGANIZATIONS & MARKETS

For reasons of opportunity (largely location), shared interests and experience, and simple inertia, organizations and markets drift toward the bridge and cluster structure illustrated on page 5. This is the social structure across which business leaders strategize about what to do and with whom to do it.

## 2. VISION ADVANTAGE OF BROKERAGE CONCENTRATES VALUE AROUND THE BRIDGES

Structural holes are the metric for social capital. Brokerage across holes creates a vision advantage (better see what to do, who to involve). The result is that social capital increases with the diversity of your contacts. If everyone you know is well-known to one another, you don't have social capital. Ceteris paribus, BROKERS DO BETTER (as illustrated on page 10).

## 3. Reputation Is Critical, which creates a Management Problem

Uncertainty is the primary impediment to exercising social capital (and a focus this afternoon). Top management depends on able employees using social capital to search out and implement ways to add value for the organization, but too much puts the enterprise at risk. Company chains of command broken in service of company interests can just as easily be broken in service of personal interests, or in service of well-intentioned but strategy-eroding interests.\* The two cases this morning illustrate reputation effects:

- Zaffaroni case illustrates the importance of reputation within and beyond the team for establishing connections between groups within a team,
- Clendenin case illustrates the importance of reputation for overcoming the suspicions with which brokers are viewed (recall Les Elstein and the distrust of Clendenin's motives expressed in this session).

![](_page_15_Picture_0.jpeg)

## Appendix I: Network Metrics

Constraint measures the extent to which a network doesn't span structural holes

![](_page_15_Figure_3.jpeg)

Note:

p<sub>ii</sub> = proportion of i's relations allocated to j

= z<sub>ij</sub> / Σ<sub>k</sub> z<sub>ik</sub> (where z<sub>ij</sub> is the strength of i's relation to j, here simplified to 0 versus 1).

Network constraint measures the extent to which your network is concentrated in a single contact. There are two components: (direct) person consumes a large proportion of your network time and energy, and (indirect) person controls other people who consume a large proportion of your network time and energy.

2

$$contact-specific constraint (x100): 
A 15.1 
B 8.5 
C 2.8 
D 4.9 
E 4.3 
F 4.3 
total 39.9 = aggregate constraint (C =  $\sum_i c_{ij}$ )  

$$contact-specific constraint (C =  $\sum_i c_{ij}$ )  

$$contact-specific constraint (C =  $\sum_i c_{ij}$ )  

$$contact-specific constraint (C =  $\sum_i c_{ij}$ )$$$$$$$$

from Figure 2.2 in Burt (1992, Structural Holes)

Creating Value, Page 16: The Social Capital of Leaders

![](_page_16_Picture_0.jpeg)

## **Appendix II: Social Capital in Brief**

From 5/10/96 *Financial Times* (European Edition)

Ronald Burt is the Hobart W. Williams Professor of Sociology and Strategy at the University of Chicago Graduate School of Business.

His theoretical work describes preference formation and entrepreneurial opportunities in competitive environments.

Applications focus on the contact networks of highperformance managers (how people of diverse backgrounds create social capital) and the network structure of market profits (how the structure of producer, supplier, and customer relations defines competitive advantage among producers).

![](_page_16_Figure_6.jpeg)

## The Social Capital of Entrepreneurial Managers

Recent years have seen a dramatic shift in the way companies organize. The shift is away from bureaucracy. Layers of formal control within and across functions are being replaced with fewer layers of negotiated informal control.

The shift away from bureaucracy means that managers cannot rely as much on directives from above. They are now more than ever the authors of their own work. The upside is that firms can identify, and adapt more readily to, needed production changes and market shifts. The downside is new costs for managers. The coordination costs once borne by corporate bureaucracy — each person having responsibility for coordination within a limited develop needed skills in a broader range of younger managers, (c) identify the right people to manage cross-functional teams and transitions from the old to the new, (d) understand diversity issues, and (e) anticipate catalysts and bottlenecks to organization change (i.e., how reengineering, downsizing, merging, acquiring, and the like will be received by the organization).

There are two ways to understand social capital; relative to human capital, and as a form of network structure.

#### SOCIAL CAPITAL RELATIVE TO HUMAN CAPITAL Human capital and social capital arguments explain why some

capital refers to opportunity. Managers with more social capital get higher returns to their human capital because they can identify and develop more rewarding opportunities.

#### SOCIAL CAPITAL AS A FORM OF NETWORK STRUCTURE

Structural hole theory gives concrete meaning to the social capital metaphor. Hole theory describes how the structure of a network is a competitive advantage for certain people over others. In a perfect market, one rate of return clears the market. In an imperfect market, there can be multiple rates of return because disconnections between individuals, holes in the structure of the market, leave some structures rich in disconnections between people are rich in the entrepreneurial opportunities of structural holes.

People better connected across structural holes are better positioned to broker otherwise difficult or unlikely exchanges, and so are likely to enjoy higher returns to their human capital. Specifically, managers with contact networks rich in structural holes are the individuals who know about, have a hand in, and exercise control over, more rewarding opportunities. They have broader access to information because of their diverse contacts (information access benefit of holes). That means they are more often aware of new opportunities, and aware earlier than their peers (information timing

Creating Value, Page 17: The Social Capital of Leaders

![](_page_17_Picture_0.jpeg)

domain of responsibility - are now borne by individual managers who have responsibility for coordination across broader domains of business activity.

Which is why the adage about working through others is taking more concrete form at leading business schools. Social science has made striking advances in theory and research over the last twenty years on the principles of adding value through other people. The core concept is social capital, the University of Chicago is at the frontier of theory and research on the issue, and the GSB is at the frontier of crafting courses that bring the work to the classroom.

Managers differ in their ability to survive and thrive without bureaucracy. What is an opportunity for some managers, is distress for many others. Coordination tasks are now broader, with a corresponding increase in uncertainty, stress, and potentially disruptive conflict. New issues emerge for human resource management.

Which is why social capital analysis can be useful. In social science terms, the shift away from bureaucracy is a shift to social capital as a critical performance factor. Social capital refers to the wealth of a manager's relationships within and beyond the firm. This form of capital can be measured, and enhanced, so analysis can be a powerful tool in human resource management. Specifically, social capital analysis has been useful to: (a) understand how a company really works (how people communicate, how information flows, and so on). (b) identify and

managers add more value to their companies. Both arguments begin with inequality. Some managers enjoy higher incomes. Some are promoted faster. Some are leaders on the more important projects. The human capital story is that such inequalities result from differences in individual ability. The more rewarded managers are smarter, or better educated, or more experienced.

Social capital focuses on the value a manager adds through other people. The social capital story is that inequalities result from contextual differences between people. Returns to intelligence, education, and seniority depend on a manager's location in the social structure of an organization. Some portion of the value a manager adds to a firm is his or her ability to coordinate other people, where coordination refers to identifying opportunities to add value within an organization, and getting the right people together to take advantage of the opportunities. Certain network structures of relationships - deemed social capital - can enhance a manager's ability to identify and develop opportunities.

The summary points are two: (a) Social capital differs from human capital. Social capital is a quality created between people while human capital is a quality of individuals. Investments that create social capital are fundamentally different from the investments that create human capital. (b) Social capital is the contextual complement to human capital. Where human capital refers to individual ability, social

managers unaware of the benefits they offer one another. Certain managers are connected to certain others, trusting certain others, obligated to support certain others, dependent on exchange with certain others.

In the above diagram, James has a network that spans one structural hole (the relatively weak connection between a cluster reached through contacts 1, 2, and 3 versus the other cluster reached through contacts 4 and 5). The structural hole between the two clusters does not mean that people in the two clusters are unaware of one another. It simply means that people in each cluster are so focused on the press of business within their own cluster that they pay relatively less attention to the activities of people in other clusters.

Robert took over James' job. Robert preserves connection with both clusters in James' network, but expands the network to a more diverse set of contacts. Robert's network, adding three new clusters of people spans ten structural holes.

These structural holes between people are entrepreneurial opportunities for third parties to broker the flow of information between people on opposite sides of the structural hole, and control the form of projects that bring together people on opposite sides of the structural hole. Structural holes separate nonredundant contacts. Each hole is a buffer, like an insulator in an electric circuit. As a result of the structural hole between them, two contacts provide network (information and control) benefits that are in some degree additive rather than overlapping. Social

benefits). They are also more likely to be the people discussed as suitable candidates for inclusion in new opportunities (referral benefits). They are also more likely to have sharpened and displayed their capabilities because they have more control over the substance of their work defined by relationships with subordinates, superiors, and colleagues (control benefits). These benefits reinforce one another at any moment in time, and cumulate together over time.

Through their entrepreneurial opportunities, managers with contact networks rich in structural holes can add value above and beyond the value of their human capital. They monitor information more effectively than bureaucratic control. Gossip moves faster, and to more people, than memos. Entrepreneurial managers know the parameters of organization problems early. They are highly mobile relative to bureaucracy, easily shifting network time and energy from one solution to another. Entrepreneurial managers tailor solutions to the specific individuals being coordinated, replacing the boiler-plate solutions of formal bureaucracy. To these benefits of faster, better solutions. add cost; entrepreneurial managers offer inexpensive coordination relative to the bureaucratic alternative. In short, entrepreneurial managers operate somewhere between the force of corporate authority and the dexterity of markets, rushing coordination to disconnected parts of the firm that could be productively brought together.

**Creating Value, Page 18:** The Social Capital of Leaders

## Appendix III: Example Network Web Survey

Hello:

This is a short form of sociometric questions developed at the University of Chicago to measure the social capital of managers and other professionals. Social capital is a function of the contact network around you. The purpose of this questionnaire is to assemble data for a computer network analysis of your social capital.

You will be asked five questions about the people with whom you work and relax - friends, colleagues, and more distant contacts relevant to your professional activities. Please answer from the perspective of your current or most recent job.

Everything you enter here is confidential. To make it possible to identify people named in multiple networks, please use full first and last names. When the network data are assembled for analysis, names are replaced immediately by random ID numbers. The computer only knows your network as a system of equations.

People sometimes complete the questions to make themselves look like what they wish they were. You can't fool yourself and no one else knows the network, so there is little incentive to fudge. Just write it as you think it is.

Given the potential complexity of network analysis, it is critical that your answers be as accurate and complete as possible. After you have completed the five questions, please check them over to make sure that you answered all five (especially the difficult, but essential, Question 5).

The analyst who sent you here will explain what feedback he or she will provide.

Ron Burt Hobart W. Williams Professor of Sociology and Strategy University of Chicago Graduate School of Business

What is the first and last name by which you are most likely to be known to colleagues citing you as someone with whom they work? (e.g., John Smith)	Your Name:	_	
		(required)	
	Your Email Address:		
		(required)	

1. Who is your immediate supervisor? (person	Name (enter full first and last name, e.g., Wen Chua)	Years Known
initial salary-promotion recommendations)		

Who are the seven or eight people with hom you have had the most frequent and ubstantive work contact over the last six onths? Limit yourself to people with whom you	Name (enter full first and last name, e.g., John Smith)	Years Known	Overall Sense of how last
ave had direct contact (face-to-face or phone). clude the supervisor you named above if he or le qualifies under the "most frequent and ubstantive" criterion. Please enter full first and st name to distinguish people, the years you ave known each person, and your overall sense how it has been to work with each person.			OK     \$
Getting things done usually requires the upport of colleagues and contacts. Suppose you are moving to a new job and wanted to leave shind the best network advice you could for meone moving into your old job. Who are the ree or four people you would name to your accessor as essential sources of support for access in your job? These could be people in e firm or outside. Some of the people you ready named might be appropriate to name here so. Please enter full first and last names, the ears you have known each person, and your verall sense of how it has been to work with the erson.	Name (enter full first and last name, e.g., Wen Chua)	Years Known	Overall Sense of how last month's work went OK OK OK OK
Shifting to a broader view of your network, onsider the people with whom you spend your bee time. Over the last six months, who are e two or three people you have been with ost often for informal social activities such	Name (enter full first and last name, e.	g., John Sr	mith) Years Known
s going out to lunch, dinner, drinks, films, siting one another's homes, and so on? Some the people you already named might be opropriate here also. Please enter full first and st name, and the years you have known each erson.			
	clude the supervisor you named above if he or ie qualifies under the "most frequent and bstantive" criterion. Please enter full first and st name to distinguish people, the years you ive known each person, and your overall sense how it has been to work with each person.	clude the supervisor you named above if he or equalifies under the "most frequent and bstantive" criterion. Please enter full first and at name to distinguish people, the years you tive known each person, and your overall sense how it has been to work with each person.         Getting things done usually requires the upport of colleagues and contacts. Suppose you are moving to a new job and wanted to leave shind the best network advice you could for meone moving into your old job. Who are there ere or four people you would name to your recess or as essential sources of support for iccess in your job? These could be people in effirst and last name, here ars you have known each person, and your readly named might be appropriate to name here so. Please enter full first and last name, the ars you have known each person, and your ereal sense of how it has been to work with the arson.       Name (enter full first and last name, e.g.         Shifting to a broader view of your network, nsider the people you and advice you spend your set time. Over the last is months, who are two or three people you have been with host often for informal social activities such agoing out to lunch, dinner, drinks, films, siting one another's homes, and so on? Some the people you already named might be propriate here also. Please enter full first and st name, and the years you have known each arson.       Name (enter full first and last name, e.g.	clude the supervisor you named above if he or equalifies under the "most frequent and bstantive" criterion. Please enter full first and the years you and the years you not known each person, and your overall sense how it has been to work with each person. <ul> <li>Image: State of the state of the you overall sense how it has been to work with each person.</li> <li>Image: State of the you overall sense how it has been to work with each person.</li> </ul> Getting things done usually requires the upport of colleagues and contacts. Suppose you are moving to a new job and wanted to leave the ree or four people you would name to your recessen a sesential sources of support for incress in your job? These could be people in the ster you have known each person, and your recall sense of how it has been to work with the real sense of how it has been to work with the store of how it has been to work with the store and inclusion and your set ime. Over the last is months, who are the people you laready named might be appropriate hor and so on? Some the people you laready name fullifies and so on? Some sting one another's homes, and so on? Some sting one another's homes, and so on? Some the people you laready named might be appropriate hore, drinks, films, siting one another's homes, and so on? Some the people you laready named might be appropriate hore, drinks, films, siting one another's homes, and so on? Some the people you laready named might be appropriate hore, drinks, films, siting one another's homes, and so on? Some the people you laready named might be appropriate hore, and so on? Some the people you laready named might be appropriate hore, drinks, films, siting one another's homes, and so on? Some the people you laready named might be appropriate hore another's homes, and so on? Some the people you laready named might be apropriate here also. Please enter full first and some s

Creating Value, Page 20: The Social Capital of Leaders

![](_page_20_Picture_0.jpeg)

5. This final question asks for your view of connections among the people you named. Please don't quit here. You are almost finished. The people you cited in the previous page are listed in the table below. The task is to select a letter indicating your view of the connection between each pair of people, where

"Often" means that, to your knowledge, the two people speak often with one another such that they are probably familiar with current issues in one another's operations.

"Some" indicates that you know only that the two people sometimes talk to one another, such that they have some familiarity with current issues in one another's operations.

"Rare" indicates, again as best you know, that the two people speak infrequently or not at all to one another.

"Difficult" indicates that, for reasons that could be no fault of either person, there has been difficulty in coordinating work between the two people.

For example, if you named three people (Jose, John, and Jody) who speak often with one another and haven't had difficulty coordinating their work when they should, the table would look like this:

Jose Alverz

0	John Smith	
0	0	Jody Yuma

If you named four people (Jose, John, Jody, and Wen) where Jose and Jody are closely connected, Jose and John have had difficulty coordinating their work, and the others rarely speak to one another, the table would look like this:

Jose Alverz

D	John Smith		
0	R	Jody Yuma	
R	R	R	Wen Chua

HERE IS THE TABLE WITH NAMES OF YOUR CONTACTS ON THE DIAGONAL. People are listed with the default that they speak often. **USE THE PULL-DOWN MENUS IN THE CELLS TO INDICATE YOUR VIEW OF THE CONNECTION BETWEEN EACH PAIR OF PEOPLE.** If you wish to change or add names, hit your browser's "BACK" button, edit your citations on the previous page, and return here to describe the network.

Ted Snyder		_	
S 🖨	Toby Stuart		
R 韋	S 🜲	Matt Bothner	
R 韋	R 韋	R ≑	Holly Raider

Click the SUBMIT button to save all your data.

Creating Value, Page 21: The Social Capital of Leaders

## **Appendix IV: Contingent Returns**

![](_page_21_Figure_1.jpeg)

Creating Value, Page 22: The Social Capital of Leaders

![](_page_22_Figure_0.jpeg)

Creating Value, Page 23: The Social Capital of Leaders

![](_page_23_Picture_0.jpeg)

## Appendix V: Personality

## Network Entrepreneur Personality Index

Select the phrase under each item that better describes you (circle A or B). Select only one phrase per item. If you disagree with both phrases, select the one with which you disagree less. With so few questions, it is important to select phrases that describe how you actually operate, rather than how you feel you should or would like to operate. There are no right or wrong answers. When you are finished, you should have a total of ten phrases circled. To get your score, see the answer key at the bottom of page 27, then use the graph below to determine your personal disposition toward being a network entrepreneur.

![](_page_23_Figure_4.jpeg)

from Figure 1.6 in Brokerage and Closure

Creating Value, Page 24: The Social Capital of Leaders

- 1. When evaluating opportunities, I am likely to look . . . A. for a chance to be in a position of authority B. for the long-run implications
- 2. My strength lies in the fact that I have a knack for . . .

A. being easygoingB. getting a point across clearly

- 3. In discussions among peers, I am probably seen as . . . A. an outspoken advocate
  - B. motivating people to my views
- 4. I believe that people get into more trouble by . . .

A. being unwilling to compromiseB. not letting others know what they really think

5. In a leadership role, I think my strength would lie in the fact that I  $\ldots$ 

A. won people over to my views B. kept everyone informed

6. In evaluating my aims in my career, I probably put more emphasis on . . .

A. my ability to create an aura of excitement B. being in control of my own destiny

7. As a member of a project team, I ...

A. seek the advice of colleaguesB. closely follow the original mandate of the group

8. Others are likely to notice that I . . .

A. let well enough alone B. let people know what I think of them

9. In an emergency, I . . .

A. take the safe approach B. am quite willing to help

#### 10. I look to the future with . . .

A. unshakable resolve

B. a willingness to let others give me a hand

Personality differences are associated with the networks built by these staff officers, but only below managerial rank (clerical and technical staff), where there is no social capital association with performance

For the purposes here, an employee has an entrepreneurial network if his or her network constraint score is no more than the average for all respondents.

![](_page_24_Figure_3.jpeg)

distinguishing employees in senior ranks.

![](_page_25_Figure_0.jpeg)

French Manager Years in the Firm

![](_page_25_Figure_2.jpeg)

- .... M - ....

## Differences in Business Culture

## **Colleague Relations Predating Entry into the Firm**

	French Managers			American Managers		
Years in the Firm	Number Colleagues	% Known Before Firm	Mean Years Known	Number Colleagues	% Known Before Firm	Mean Years Known
0 to 10	105	26%	5.2	691	81%	12.6
11 to 20	160	15%	8.2	875	42%	13.5
Over 20	391	5%	10.3	129	6%	14.9
Total	656	11%	9.0	1695	55%	13.0

from Burt, Hogarth, and Michaud "The social capital of French and American managers" (2000, Organization Science)

![](_page_26_Picture_0.jpeg)

### **Distinctions Between Kinds of Relations**

(relations close together reach the same contacts)

![](_page_26_Figure_3.jpeg)

from Figure 1.7 in Brokerage and Closure

![](_page_27_Picture_0.jpeg)

## **Dimensions of National Business Culture**

(nations close together have similar business cultures)

![](_page_27_Figure_3.jpeg)

Creating Value, Page 28: The Social Capital of Leaders Uncertainty Avoidance

0.9

-0.6

0.2

1.2

0.5

-0.7

0.9

0.7

-1.7

-0.2

0.9

-1.2

0.0

2.0

-1.5

-1.0

-0.2

-1.2

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Masculinity

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Power Distance

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1.2