

Notes | Theorizing

Coleman 88

Classical tension

- Economics: sees the actor as having goals independently arrived at, as acting independently, and as wholly self-interested. Its principal virtue lies in having a principle of action, that of maximizing utility. This principle of action, together with a single empirical generalization (declining marginal utility) has generated the extensive growth
- Sociology: actor as socialized and action as governed by social norms, rules, and obligations.
- Duesenberry: "Economics is all about how people make choices; sociology is all about how they don't have any choices to make."

What is social capital?

- Coleman says granovetter stresses importance of concrete personal relations and networks of relations-what he calls "embeddedness"-in generating trust, in establishing expectations, and in creating and enforcing norms.
- Social capital is defined by its function. It is not a single entity but a variety of different entities, with two elements in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors-whether persons or corporate actors-within the structure. Like other forms of capital, social capital is productive, making possible the achievement of certain ends that in its absence would not be possible. Like physical capital and human capital, social capital is not completely fungible but may be specific to certain activities.
 - [mouse trap versus diamond](#) ; see also [the chair](#)
- Unlike other forms of capital, social capital inheres in the structure of relations between actors and among actors. It is not lodged either in the actors themselves or in physical implements of production.
 - But still a resource for the individual
 - Diamond market
 - Kids in Jerusalem
 - John stuart mills' dad; asian mothers in the us buying extra textbook

- Social capital as trust, obligations, information

Constraint

- This social capital, however, like the forms described earlier, not only facilitates certain actions; it constrains others. A community with strong and effective norms about young persons' behavior can keep them from "having a good time."
- Closure (transitivity) promotes constraint, or at least, effectiveness of external pressure. Two coordinating friends are more powerful than one or two independent ones

Social capital creates human capital

- Parents create children's human capital

Public good

- Social capital not owned by one person
- Generalized exchange: we create capital that is used by others

Uzzi, 1996

Context

- Apparel industry
- Manufacturers design garments
- Contractors actually cut and assemble the garments

Embeddedness

- Close, special, personal, social relationships between manufacturer and supplier
- Embeddedness yields trust, fine-grained information transfer, and joint problem-solving arrangements.
- Trust. "You may ship fabric for 500 garments and get only 480 back. So what happened to the other 20? Of course you can say to the contractor, "What happened to the 20?" But he can get out of it. [He might say,] Was it the trucker that stole the fabric? He can also say he was shorted in the original shipment from us."
- High info and joint problem-solving. "If we have a factory that is used to making our stuff, they know how it's supposed to look. They know a particular style. It is not always easy to make a garment just from the pattern, especially if we rushed the pattern. But a factory that we have a relationship with will see the problem when the garment starts to go together. They will know how to work the fabric to make it look the way we intended. "

- Economically irrational helping. “I observed this in a diversity of cases. In one incident, a manufacturer who was permanently moving all production to Asia notified those contractors with whom he had an embedded relationship nine months before moving so that they could adapt to the loss of his business. The manufacturer, however, did not inform those contractors with whom he had arm's-length ties. “

Granovetter 1973

Motivation

- People get / hear about jobs from other people more than from job listings
- They are more likely to get jobs via weak ties than strong ties
- Intuition: your strong ties want to help, but they belong to your social circle and you all know the same stuff

Strength of ties

- Defined as is “a (probably linear) combination of the amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal services which characterize the tie”
- It will turn out this definition is unnecessary and limits portability of the theory (eg, do firms have intimacy?). Any kind of tie that exhibits ‘g-transitivity’ will do.

G-transitivity | Axiom 1

- The stronger the tie between two people, the more acquaintances they will have in common
- If A has strong tie with B, and B has strong tie with C, it is likely that A has at least weak tie with C
- Reasons include balance theory, opportunity and homophily

Bridges | Axiom 2

- A bridge is an exclusive tie between groups. Specifically, if tie between A and B is a bridge is removing the tie means that A and B are only connected by a long path (if any at all)
- Bridges are sources of novel / non-redundant information. The bridging tie from A to B links A to B's social circle, which others in A's group are unconnected to. People in different social circles have different ideas, news, ways of doing things, etc. In short, different cultures.

Only weak ties are bridges

- By definition, if the tie between A and B is strong, then it isn't a bridge, because there are third parties C, D etc that connect A to B. Paths of length 2 aren't long

Weak ties are sources of novel information

- Weak ties may be bridges, and bridges may be sources of novel information, ergo weak ties are likely sources of novel information

Communities and collective action

- Strong ties provide local cohesion but global fragmentation
- Ethnic neighborhoods around Boston couldn't work with each other to fight Boston's urban renewal efforts. Were bedroom communities
- Charlestown. People worked and lived in the community. Work provides cross-cutting ties that enables working together with strangers

Weak ties are a form of social capital

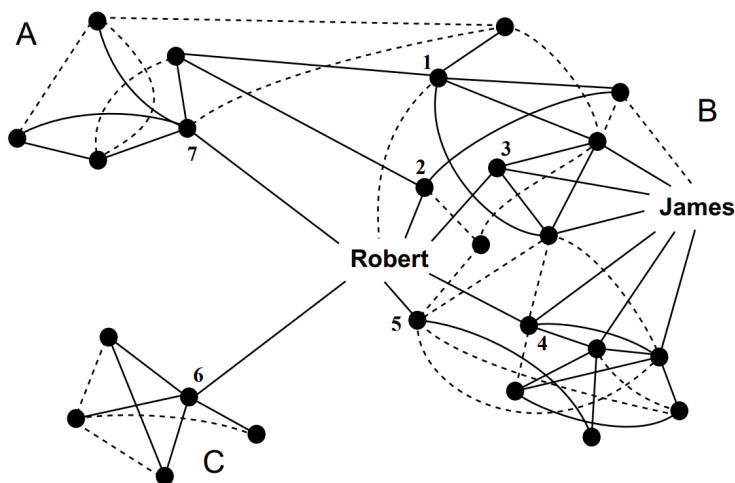
- For individual, they provide sources of novel information
- For communities, they provide global cohesion

Burt 1992 / 2006

Social capital determines the return on investment in human capital

Structural holes

- Structural holes are the absence of ties among one's alters.
- A person has more structural holes to the extent that
 - They have many alters (large network size)
 - There are few ties among the alters



Relation to weak ties

- The assumption is that ego's ties to alters A and B are both bridges unless A and B are tied
- Essentially, Granovetter says weak ties are bridges and bridges are social capital. Burt says, given that bridging is the proximal causal mechanism, forget tie strength. It's just a correlate. So measure the bridging (structural holes) and be done with it
- In a sense, Granovetter is more complete. Both say bridges create capital, but Granovetter further explains how bridges come about (weak ties)

Podolny, J. M. (2001). Networks as the pipes and prisms of the market. American journal of sociology, 107(1), 33-60.

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1. Two types of uncertainty in market exchange: egocentric & altercentric.
 2. Structural holes reduce egocentric uncertainty because of the information advantage (i.e., pipes)
 3. Ties with high-status actors serve as important signals to reduce altercentric uncertainty (i.e., prisms) .
 4. H1. The more (fewer) structural holes in a producer's network, the more that it will sort into (away from) market segments that are high in egocentric uncertainty.
 5. H2. The higher (lower) a producer's status, the more likely it will sort into (away from) market segments that are low in egocentric uncertainty.
 6. The paper analyzed the joint venture network of VC firms using longitudinal data (1981 - 1996) and found support for the hypotheses.

Lin 99

Resources

- Personal and social, aka human capital and social capital
- Social ties link ego to alters that have diverse resources.

Data collection

- Name generator. Ask names in person's life, then ask attributes of those alters (e.g., gender, age, social class, occupation, wealth, etc)
- Position generator. Ask respondent for how many people they have ties with that belong to certain categories (eg occupations, social classes, etc)

Mobilization

- Ties need to be mobilized -- leveraged -- to accomplish work

Relationship between human and social capital

- Coleman says social capital creates human capital
- Human capital attracts ties, creating social capital
- Burt: social capital determines roi on human capital. Ie., social capital moderates the relationship between human capital and success

Dimaggio & Powell '83

Background

- Weber said bureaucracy was so rational/efficient, it would take over as the only form of organization
- D&P says there are other reasons forms take over that have little to do with them being better
- “But new practices can become, in Selznick's words (1957:17), "infused with value beyond the technical requirements of the task at hand." As an innovation spreads, a threshold is reached beyond which adoption provides legitimacy rather than improves performance (Meyer and Rowan, 1977). Strategies that are rational for individual organizations may not be rational if adopted by large numbers. Yet the very fact that they are normatively sanctioned increases the likelihood of their adoption.”
- As Al- drich (1979:265) has argued, "the major factors that organizations must take into account are other organizations."

3 mechanisms leading to similarity between organizations

- Coercion. Organizations force others to adopt systems and structures
 - Eg. govt agencies impose pollution standards.
 - Common legal environment
 - Walmart imposing accounting practices on suppliers
- Mimesis. Orgs actively copy other orgs
 - Uncertainty enhances mimicry. Can't be blamed for doing things “normally”
 - With the advice of a major consulting firm, a large metropolitan public television station switched from a functional design to a multidivisional structure. The sta- tions' executives were skeptical that the new structure was more efficient; in fact, some ser- vices were now duplicated across divisions. But they were convinced that the new design would carry a powerful message to the for- profit firms with whom the station regularly dealt. These firms, whether in the role of cor- porate underwriters or as potential partners in joint ventures, would view the reorganization as a sign that "the sleepy nonprofit station was becoming more business-minded"

- Organizations tend to model themselves after similar organizations in their field that they perceive to be more legitimate or successful.
- Normative pressures.
 - Professionalization -- members of occupation try to define the conditions/methods of their work to standardize and legitimize
 - Universities and professional training institutions and associations
 - Filtering of personnel. What Kanter(1977) refers to as the "homosexual reproduction of management."

Node-level Hypotheses

- A1. The greater the dependence of an organization on another organization, the more similar it will become to that organization in structure, climate, and behavioral focus.
- A2: The greater the centralization of organization A's resource supply, the greater the extent to which organization A will change isomorphically to resemble the organizations on which it depends for resources.
- A3: The more uncertain the relationship between means and ends the greater the extent to which an organization will model itself after organizations it perceives to be successful.
- A4: The more ambiguous the goals of an organization, the greater the extent to which the organization will model itself after organizations that it perceives to be successful.
- A5: The greater the participation of organizational managers in trade and professional associations, the more likely the organization will be, or will become, like other organizations in its field.

Emerson '62

Power is dyadic -- not necessarily generalized

Power is the inverse of dependency

Power use engenders

- Cost reducing operations that reduce the consequence of power use
- balancing operations that tend to reduce power

See:

- <http://www.analytictech.com/mb021/dependen.htm>
- [Shane's slides](#)

