MAKING CONNECTIONS

Network ideas diffused widely in organization studies in 1990s

Applications across multiple levels of analysis:

- **Individuals:** Vol assn & SMO recruitment; Worker morale
- **Groups:** High performance work teams
- **Organizations:** Board interlocks; Strategic alliances
- **Populations:** Learning, diffusion of innovations
- **Fields:** Collective action lobbying in policy domains
- **Nations:** International NGOs and host countries

Let’s examine some network concepts useful for understanding **interorganizational relations (IOR)**
ASSUMPTIONS OF NETWORK THEORY

1. The social structure of any complex system consists of stable patterns of repeated interactions connecting social actors to one another.

2. These social relations are the primary explanatory units of analysis, rather than the attributes and characteristics of the individual actors.

3. The perceptions, attitudes, and actions of organizational actors are shaped by the larger structural networks within which they are embedded, and in turn their behaviors can change these networks’ structures.

SOURCE: Knoke (2001:63-64)
TOTAL vs EGO-CENTRIC NETWORKS

Small, closed systems may be treated as total networks of relations among actors

“Small” means dozens to a few hundred actors

Ego-centric networks consist of one focal actor (ego) and its direct ties to a set of others (alters), plus the links among those alters

![Diagram of total network and ego-centric network with labels: Work team on the left and Ego’s friends on the right.](image-url)
Diagramming a network requires actors to report all their dyadic direct ties (pairwise linkages) of a specific kind with other system actors.

A relation is the collection of all the ties of a specific kind, measured for every pair of actors in the system:

- Ties only occur between pairs of actors (dyad)
- An absent tie is as relevant as a present tie
- Multiple types of relations can occur for a dyad

A tie’s relational content refers to its substantive meaning, the relatively homogeneous linkages connecting network actors. The varieties of contents are potentially inexhaustible.
I proposed five general categories for classifying network ties among social actors by types of network contents:

**RESOURCE EXCHANGES** transactions involving changing control of money, people, goods & services

**INFORMATION TRANSMISSION** communications of technical data, work advice, political opinions, office gossip

**POWER RELATIONS** applying coercion, authority (“legitimate power”) to influence another’s compliance with commands

**BOUNDARY PENETRATIONS** collaborations to achieve a mutual objective; e.g., innovation, legislation

**SENTIMENTAL ATTACHMENTS** emotional affiliations creating solidarity, mutual assistance, support; e.g., friendship

**DISCUSS:** Give examples of each type of network content for ties among organizations
DIAGRAM YOUR EGO NETWORK

1. Around a circle, write your name (EGO) and as many as 5 people (ALTERS) to whom you might turn for advice on important personal matters.

2. Draw a line from your name to each alter. Label each line with that person’s primary relation to you: family, friend, coworker, classmate, etc.

3. Draw lines between alters showing their strongest tie to one another and label: kin, close friend, friend, acquaintance (no line = strangers).

4. How connected is your EGO-NET? Any strong cliques? Or are you the central star in your own constellation?
STRATEGIC ALLIANCES

Between market relations & org’l hierarchies are several short-lived, hybrid forms of IOR

Strategic alliance at least two partner firms that (1) remain legally independent; (2) share benefits, managerial control over performance of assigned tasks; (3) make contributions in strategic areas, e.g., technology or products (Yoshino & Ranging 1995)

SA governance forms vary in legal & social mechanisms for coordinating & safeguarding alliance partners’ resource contributions, administrative responsibilities, division of rewards from their collaboration

(Todeva & Knoke 2002)
A STRATEGIC ALLIANCE SIMULATION

This group exercise simulates communication networking & strategic alliance formation in the bio-med organizational field.

Three types of orgs with two types of resources compete to find alliance partners holding the required 3rd resource:

- Pharmaceutical Firms
- Biotech Startups
- University Research Labs
- Scientists
- Patents
- Grants

ORG’L GOALS: Form SAs with partner(s) willing to exchange resources; acquire the most resources at the best price.
RULES of the GAME

SIMULATION OCCURS IN FIVE PERIODS

1: Random assignment to 4-person color-coded orgs; meet to decide your org’s communication strategy (e.g., appoint specialists)

2: Communicate with other orgs to obtain information about what resources they hold and their interests in forming strategic alliances (exchanging needed resources)

3: Meet with your org’s members to compare information; pick possible target(s) to attempt strategic alliance(s)

4: Negotiate with alliance target(s); exchange resources (colored paper) to clinch your org’s SA deal(s)

5: When time ends, count org resources and report to the Simulation Master to map the network & alliance results
ALLIANCE NETWORKS

Just as every SA is a small network, more complex systems of IOR emerged in the last century. They offer alternatives to markets and firms to organize production & distribution.

Many orgs belong to numerous short-lived alliances that overlap through shared partners. Altho particular connections constantly change, underlying network of alliances remains relatively stable

• **Industry alliance networks:** large firm-small suppliers (auto industry); small firm networks (SNF – New York better dress makers)

• **Regional alliance networks:** Third Italy, SW Germany, Silicon Valley (?)

• **Organizational field-nets:** Global Information Sector
GLOBAL INFO SECTOR

Figure 4.2 in Changing Organizations is a map of the 1998 Global Information Sector’s strategic alliance network. These 38 core firms’ locations determined by pattern of strategic alliances they formed with others.

• Which firms occupy the central position?
• What types of firms are in the periphery?
• Do clusters represent specific industries?
• How could spatial locations help to explain the mergers of AT&T-TCI and AOL-Netscape-Time Warner
• Note HP & Compaq locations three years before their 2001 merger!
SHORTER WRITING #8:

Based on your reading about interorganizational networks & strategic alliances, and your participation in our SA simulation, discuss the roles of:

• communication networks in providing information about possible collaborative opportunities

• organizational resources in firms’ decisions about which partners to choose for strategic alliances

DUE: Tuesday Nov 6; 2-page limit (< 500 words)