

Social Network Analysis: Social Foundations of Competitive Advantage

Bocconi University

Department of Management and Technology

40092 Syllabus, Autumn 2021, Wednesdays 15:00-18:20

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Download syllabus and main handouts here: www.ronaldsburt.com.

Readings on website and recommended (not required) text: *Brokerage and Closure*, Oxford University Press.

Whatever the endeavor — business, nonprofit, government, the arts, the military — people are organized formally and informally. Formally, people report to someone, a boss, and supervise some number of others. We derive much of our identity from our title and position in the formal organization. But the bulk of what we get done is through the informal organization composed of colleagues, friends, and strangers with whom we cajole, entreat, pressure, and generally collaborate to get things done. Formal is the skeleton. Informal is the flesh. Together, the two define a social network around you.

This course is an introduction to the ways certain people and groups have a competitive advantage in creating value because of their social network. The advantage stems from the way a person engages the diversity of information in organizations and markets. Half the puzzle is production: Certain people have an advantage in recombining information to produce and deliver on good ideas. The other half of the puzzle is governance: Certain people have an advantage in being accepted as a source of good ideas. This course is about doing research on how the two network mechanisms operate to create advantage for certain people, and ways to enhance and maintain personal and group advantage.



COURSE OVERVIEW

Class session abstracts follow on the next pages

Sept 15	Sept 22	Sept 29	Oct 6	Oct 13	Oct 20
<p>1 Network Brokerage and Competitive Advantage</p> <p>Network bridge and cluster structure</p> <p>Network brokers are more creative, receive higher evaluations, higher compensation, and more likely promotions.</p>	<p>2 Brokerage in Practice: Hints and Cautions</p> <p>Why some benefit from network competitive advantage, while others with similar networks do not.</p> <p>Hints and cautions for getting value from network brokerage.</p>	<p>3 Closure, Trust, and Reputation</p> <p>Project 1 Discussion</p> <p>How it works (echo vs bandwidth): closure, gossip and reputation</p> <p>Implications for building & managing reputation</p>	<p>4 Managing Gossip-Enforced Barriers: Strategic Partners</p> <p>Gossip-enforced barriers and how to detect them</p> <p>Working around the problem: reputation borrowed and enhanced</p>	<p>5 Coordinating Across the Enterprise</p> <p>Project 2 Discussion</p> <p>Optimizing case-by-case, then more generally “where,” and “when”</p> <p>Network oscillation and managing change</p>	<p>6 Network Frontiers</p> <p>Project 3 Discussion</p> <p>We then turn to discussing topics at the frontiers of SNA to be selected during the course, based on your research interests.</p>
<p>Bring “brokerage” handout to class. After, do Network Worksheet. Send by email to Ron next day, 9/16 (while fresh in your mind)</p>	<p>Bring “practice” handout to class. After, write up Project Sketch 1 and send by 9/28. (next page for reading)</p>	<p>Bring “closure” handout, and your Project Sketch 1 to class. (next page for reading)</p>	<p>Bring “partners” handout. After, write up Project Sketch 2 and send by 10/12. (pages 3-4 for reading)</p>	<p>Bring “balance” handout, and your Project Sketch 2. After, write up Project 3 and send by 10/20. (page 4 for reading)</p>	<p>Bring Project 3 Sketch to class.</p>

The SESSIONS

1. Network Brokerage and Competitive Advantage

The shift to less hierarchical companies and global markets triggered a shift from vertical chains of command to horizontal lines of cooperation. Business leaders have a choice between two contradictory network strategies for adding value: Brokerage is a strategy for creating value, closure is a strategy for delivering on a known value stream. This session is about brokerage; about successful leaders who read organizations and markets to figure out what to do, and who to involve in getting it done. These leaders are more creative than peers, receive more positive evaluations, higher compensation, and are more likely promoted to senior rank. There is nothing to prepare for this first session. The session argument and much of the evidence is discussed in Chapters 1 and 2 of the recommended course book, *Brokerage and Closure*, however, if you have the book, I recommend that you wait until after the session before reading in the book. This advisory applies for each of the sessions. The book was written as back-up to class discussion.



2. Brokerage in Practice

Getting to a position in which you have network advantage does not ensure benefit from the advantage. A great many people and groups with network advantage show no benefit at all from their advantage. This session is about some of the reasons why. Among the contingencies discussed are framing and productive accidents, the importance of personal engagement, active versus passive structural holes, positive anchors, managing versus eliminating holes, collateral brokerage, and reputation.

3. Closure, Trust, and Reputation

Dense connections within cohesive groups provide a deluge of information, especially on common enemies who so often help define such groups, and improper response leads to colleagues correcting, cautioning, or ostracizing the offending party. People turn to one another for quick, “appropriate,” interpretations of events. In their social construction of events, people drag one another into groupthink, dependence, and rigidity, which creates the need for strategic partners. This session is about how it happens, its potentially terrible consequences for businesses as well as individuals, and how to manage it. The trust and reputations created by colleague gossip, and the ignorant certainty that gossip can create, are discussed in Chapters 3 and 4 of *Brokerage and Closure*.

4. Managing Barriers to Coordination: Strategic Partners

In the previous session, we talked about gossip amplifying reputations out of proportion, both positive and negative, and about people deferring to groupthink rather than taking personal responsibility for their opinion and behavior. We talked about how you break out of groupthink, but what if the problem isn't you? What if people cannot accept your ideas or leadership because of gossip-enforced stereotypes about people like you? Perhaps you're too young, or they are not comfortable with your gender, or your nationality, or the school from which you graduated. This session is about the cure and how it works (discussed in Chapter 7 of my book, *Neighbor Networks*).

5. Coordinating across the Enterprise: Finding a Balance between Brokerage and Closure

The leadership associated with brokerage and closure have been introduced separately because they involve such different social mechanisms. Now that the two network mechanisms are introduced, we can get down to managing both mechanisms simultaneously. People are neither Robert nor James, but a mix of both. How that works is the topic for this session. I will use knowledge management as a vehicle for class discussion. Knowledge is information in social context. In contexts where information adds no value, it is noise (Lord Chesterfield: “Dirt is matter out of place”). Where it adds value, we call it knowledge, and much of this course is about leaders moving information from places where it is routine to places where it is valuable. This session is about moving knowledge across market and organization boundaries — a core competence in the strategic leader's skill set.



6. Closing Session

We'll begin with a didactic discussion of your third Project Sketch. We then turn to discussing topics at the frontiers of social network analysis. Topics will be selected during the course, based on your research interests.

DELIVERABLES

Grades will be based on participation in class discussion and written work. The written work is four items: a network worksheet (on the last page of the first handout, due by email on Thursday, 9/22, while the material is fresh in your mind), and three Project Sketches. The first Project Sketch will be on the competitive advantage of network brokers. I will distribute it in the second class session and it will be due to me by email before midnight on 9/28 so I have time to read it before the 9/29 class session. The second Project Sketch will be an extension of your first by adding a consideration of variable trust, reputation, and gossip-enforced barriers to coordination. I will distribute it in the fourth class session and it will be due on 10/12. The third Project Sketch will be based on balancing brokerage and closure in enterprise solutions. I will distribute it in the fifth class session and it will be due on 10/19.

PROJECT SKETCHES

This class will be small enough to be taught in person, which is good in terms of learning, but some productive ideas have emerged from online teaching that I've adopted to improve the quality of learning that interested students take away from the course. (1) Content previously delivered in a single session is now divided into modules within each session to shorten the amount of material presented before reflecting on the material. (2) Former exam questions are distributed in the course content to create a pause for reflection and discussion - and gamify the experience a little. Questions are concentrated at the end of modules. (3) Project Sketches are used to generate discussion about how you could apply what was just learned to a substantive topic of interest to you. I'm using Project Sketches to provide a practical dimension to the learning and to have students experience how easy it is to productively apply the network concepts discussed. Much is learned about a perspective when it is used to explain how some phenomenon of interest occurs. A Project Sketch is akin to a proposal for a consulting engagement. For each Sketch, I will distribute a request for proposal (RFP). The Project Sketch RFP will consist of a generating question to be answered that involves the social network content we just covered in class — along with some study questions you should be sure to cover such as defining a set of people who would be productive to study, measuring networks around those people, data access, and framing the analysis so it is well received by your target audience. Your write-up will be a consulting response to the RFP: a brief discussion (2-5 pages, double-spaced, 12-point sans serif font) of how you would assemble evidence to answer the generating question (and the study questions) with respect to a substantive topic of interest to you.