

BSP 4515 Managing Social Networks in Markets and Organizations

Instructor: Dr. Heeyon Kim

Class: Mondays, 11:00—2:00 (TBD)

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Office Hours: Wednesdays 15:30-17:30 or by appointment

COURSE DESCRIPTION

Social networks are an essential part of organizations and markets. The goal of this module is to help students understand what social networks are and how to systematically analyze and employ network concepts in their works. Specifically, the course will cover topics about how social networks function and affect organizational effectiveness and market processes. By this, students (as managers in the future) can better comprehend their organizations and the environment in which these organizations operate, so that they can make appropriate and timely decisions. The module also covers social networks at the individual level. We will evaluate the nature and types of social networks that are keys to success at different stages of career for managers, particularly in the corporate world. The module will offer systematic and scientific-based diagnostic tools that help students understand the strengths and weaknesses of their personal networks, and how to improve their network building.

COURSE OBJECTIVE AND LEARNING OUTCOMES

At the end of the module, students are expected to have developed understanding of the:

- concept of social networks, and an appreciation of introductory theory and empirical research on these networks.
- types, structures, and operations of social networks at individual, organization, business group, regional and country levels.
- how social network can facilitate individual, organizational and inter-organizational effectiveness.
- tools and techniques that help managers understand the existence and operations of social network, and work within them to facilitate their own and their organizations' success.
- existence and operations of social networks in various contexts in Asia

FORMAT

The module will be organized as a sectional seminar in which active participation of EVERY student is a MUST. Independent learning and critical thinking are expected and emphasized and the roles of instructor are confined to a guide, facilitator and clarifier. There will no lectures. Student will participate in various activities such as leading the discussion of assigned materials, presentation of cases, and in-class exercises. Each week we will explore a topic by reading and discussing 1-2 book chapters and/or journal papers, 1-2 practitioner reports and 1 case. There will be no textbooks. There is a final project in which the students will use the conceptual lens introduced in the module to analyze how social networks affect an organization or a market process in Singapore or the Asia-Pacific.

COMPONENTS OF EVALUATION

1. Leading discussion: 25%
2. Case presentation: 25%
3. Final group project: 25%
4. Class participation (and attendance): 25%

Students' grade will be determined by their performance in the following four components.

1. Leading discussion: Each group of students will lead discussion of the assigned materials once throughout the whole semester (one reading per one student). The presentation of the materials and facilitation of class discussion should be organized by a PowerPoint file. After your presentation, please upload your PowerPoint file to the course workbin of IVLE. Detailed instruction for how to assume the role of leading discussion is provided in another document (see document "Review and Discussion Questions"). (40-50 minutes for entire team)

2. Case Presentation: The same group of students will also do a case presentation in the semester. The group should prepare a 40 minutes presentation in PowerPoint format, outlining the background and main issues, identifying potential agenda and discussing the questions provided (see document "Review and Discussion Questions"). Grading on this presentation will weigh less on the way you dress or the way you create the PowerPoint slides, but more on how you comprehend, organize and incorporate the materials; more importantly, how you link the case materials to the concepts discussed in the readings.

3. Final group project: There is also a final project in which students will use the theoretical lens learned in the class to present a 15 minute presentation about how social networks affect an organization or a market process in Singapore or the Asia-Pacific. The topics, readings, and cases covered throughout the semester provide clues for what constitute an appropriate topic for the final project. Incorporating ideas from the supplementary readings into the project will help gain extra marks. Students are also encouraged to consult the instructor before starting the project.

4. Participation: As this module is organized as a seminar, your attendance, preparation and involvement is the key for successful learning. I will keep track of your attendance and participation and I expect that you will be readily prepared to discuss the material and case assigned for each week. In addition to class discussions, we will have some in-class exercises or guest-speakers during the semester. You will be expected to participate in these activities.

CLASS SCHEDULE

Week 1	09 Jan 2016	Introduction	Topics	Case
Week 2	16 Jan 2016	Session 1	Introduction to Network Views	A game on six degree
Week 3	23 Jan 2016	Session 2	Networks and Markets: Embeddedness	Facebook
Week 4	30 Jan 2016	No class	Happy Chinese New Year!	
Week 5	6 Feb 2016	Session 3	Networks in Organizations: The Role Model	MHW (A)
Week 6	13 Feb 2016	Session 4	Network Structure: Centrality and Brokerage	Heidi Roizen
Recess Week				
Week 7	27 Feb 2016	Session 5	Networks and Job-Search	Lois Weisberg
Week 8	6 Mar 2016	Session 6	Networks and Career Success	Managing Xerox's MDC
Week 9	13 Mar 2016	Session 7	Analyze and Manage your Network	Network Questionnaire
Week 10	20 Mar 2016	Session 8	Family Networks in Business Firms	CP Group
Week 11	27 Mar 2016	Session 9	Inter-Firm Ties in Business Groups	Tata Group
Week 12	3 Apr 2016	Session 10	Regional and Industrial Networks	TBD
Week 13	10 Apr 2016	Session 11	Final Project Presentation	

TOPICS

In weeks 1-4, we explore the basic concepts of networks in organizations and markets. In weeks 5-10, we examine how social networks operate at different levels: individuals, firms, business groups, and geographical regions.

Session 1. Introduction to Network Views

Purpose: Build up the foundation of what social networks are and how the network perspective can help comprehend the society and economy as well as business organization and market process. Through introductory readings and a simple exercise, student will be able to understand the basic concepts of networks which affect flows of information and resources, thus affecting firm behavior and performance as well as market outcomes.

Readings:

1. Rainie and Wellman, 2012, "The social network revolution", Chapter 2 in *Networked : the new social operating system*. Cambridge, Mass. : MIT Press.
2. Albert-Laszlo Barabasi, 2003, "Introduction" (Chapter 1) and "Network Economy" (Chapter 14 in *Linked: The new science of networks*. Cambridge, MA: Perseus Publishing.

Case: Six degrees of separation exercise (in class)

Supplementary readings:

Social networking, Special Report of The Economists, January, 28, 2010

Session 2. Networks and Markets: Embeddedness

Purpose: Illustrate the concepts of social networks and show how the network view is different from other perspectives of market and organization (e.g., such as neo-classical economics). This session also further demonstrate mechanisms through which social networks between organizations and/or in the market can have significant impact on organizational behavior and performance.

Readings:

1. Richard Swedberg and Mark Granovetter, 2011, "Introduction," in *The Sociology of Economic Life*, Mark Granovetter and Richard Swedberg eds., Westview Press. (read pp.19-29)
2. Michael Ferrary. 2003. "The gift exchange in the social networks of silicon valley." *California Management Review* 45(4): 120-138.
3. Akbar Zaheer, Remzi Gözübüyük and Hana Milanov. 2010 "It's the connections: The network perspective in interorganizational research." *Academy of Management Perspectives* 24(1): 62-77.

Case: Facebook (HBS, 9-808-128, 14p.)

Supplementary readings:

- Mark Granovetter. 1985. "Economic Action and Social Structure: The Problem of Embeddedness." *American Journal of Sociology* 91(3):481-510.
- Powell, Walter W. 1990. "Neither Market nor Hierarchy: Network Forms of Organization." Pp. 295-336 in *Research in Organizational Behavior*, edited by L. L. Cummings and B. M. Staw. Greenwich, Conn.: JAI Press.

Session 3. Networks in Organizations: The Role Model

The purpose of this session is to introduce students how informal networks in organization affect the functioning of formal hierarchies and how managers can use these networks to achieve their goals and increase organizational effectiveness. This session introduces four main roles in the informal networks, their characteristics, and ways to manage them.

Readings:

1. Krackhardt, David, and Jeffrey R. Hanson. 1993. "Informal networks: The company behind the chart." *Harvard Business Review* 71(4):104-11.
2. Cross, Rob, and Laurence Prusak. 2002. "The People Who Make Organizations Go - Or stop." *Harvard Business Review* 80(6):104-11.
3. Introducing the network analysis software, UCINET & NodeXL

Case: MHW (A) (UV1096, 11p.)

Supplementary readings:

- Burt, Ronald S., and Don Ronchi. 2007. "Teaching executives to see social capital: Results from a field experiment." *Social Science Research* 36:1156-83.
- Hollenbeck, John R., and Bradley B. Jamieson. 2015. "Human capital, social capital, and social network analysis: implications for strategic human resource management." *Academy of Management Perspectives* 29(3):370-85.

Session 4. Network Structure: Centrality and Brokerage

While the last session briefly introduces the roles of central connector and broker in the four-role model, this session further illustrates these two concepts. The readings will provide conceptual definition and empirical measures of these two network roles. We will also discuss benefits and constraints that these role bring to individuals and organizations.

The key idea of this session is to illustrate and compare the mechanism through which these two roles affect individual and organizational behavior and performance.

Readings:

1. Pfeffer, J. 2008 "A note on social networks and networks structure." Stanford Business School Case
2. Brass, Daniel J., and Marlene E. Burkhardt. 1992. "Centrality and Power in Organizations." in *Networks and organizations : structure, form, and action*, edited by Nitin Nohria and Robert G. Eccles. Boston, Mass.: Harvard Business School Press
3. Burt, Ronald, 2002, "The Social Capital of Structural Holes," Chapter 7 in *New Directions in Economic Sociology*, edited by Mauro F. Guillen, Randall Collins, Paula England, and Marshall Meyer. New York: Russell Sage Foundation.

Case: Heidi Roizen (HBS, 9-800-228, 17p.)

Session 5. Networks and Job-Search

This session introduce how social networks, such as weak ties, play a role in labor markets. Job opportunities, information or referrals often flow through "acquaints" rather than people with strong bonding (strong ties). The jobs secured through weak ties are also associated with higher pay. However, social networks seem to function differently in different institutional contexts. In Singapore public sectors, social ties do not seem to function the way they do in the US due to the meritocracy system. In China before the economic transition, it is strong ties, rather than weak ties, play a more important role in the job- assignment process through influencing the assignment authority. The case of Lois Weisberg shows how a woman in Chicago establishes diverse social ties, matches jobs to job-seekers, and accomplishes difficult tasks by using her networks.

Readings:

1. Granovetter, M. 1995. "Introduction", Chapter 2-3, and pp160-162 in *Getting a job : a study of contacts and careers*.
2. Chua, Vincent. 2011. "Social networks and labour market outcomes in a meritocracy." *Social Networks* 33(1):1-11.
3. Bian, Yanjie. 1997. "Bringing Strong Ties Back In: Indirect Ties, Network Bridges, and Job Searches in China." *American Sociological Review* 62(3):366-85.

Case: Six degree of Lois Weisberg in *Networks in the knowledge economy*, edited by Rob Cross, Andrew Parker, and Lisa Sasson. New York: Oxford University Press.

Supplementary readings:

Fernandez, Roberto M. and Nancy Weinberg. 1997. Sifting and Sorting: Personal Contacts and Hiring in a Retail Bank. *American Sociological Review*. 62:883-902.

Session 6. Networks and Career Success

While the last session examined how social networks help people get a job, this session turn to how social ties help career advancement and salary increase. Research demonstrates that networks play a role in explaining the success and failure of a manager's career. There are

also scientific evidences regarding who are more likely to be promoted and how fast these people are promoted in organizational contexts. In addition, we will examine if social networks influence levels of compensation of managers after controlling for their educational background and positions held. The case elaborates how a manager in Xerox build up and use his networks to accomplish his task and link separate inventory systems within Xerox together, saving millions of dollars for Xerox.

Readings:

1. Michael Simmons, 2015. The No. 1 Predictor of Career Success According to Network Science. *Forbes*, January 15, 2015.
2. Boxman, Ed A.W., Paul M. De Graaf, and Hendrik D. Flap. 1991. "The impact of social and human capital on the income attainment of Dutch managers." *Social Networks* 13(1):51-73.
3. Ibarra, Herminia, and Prashant Deshpande. 2007. "Networks and Identities: Reciprocal Influences on Career Processes and Outcomes." Chapter 14 in *Handbook of career studies*, edited by Hugh Gunz and Maury Peiperl. Thousand Oaks, Calif.: Sage Publications (read pp.5-17).

Case: Managing Xerox's Multinational Development Center (HBS 9-496-047, 15p.)

Supplementary Readings:

Podolny, Joel M., and James N. Baron. 1997. "Resources and Relationships: Social Networks and Mobility in the Workplace." *American Sociological Review* 62(5):673-93.

Session 7. Analyze and Manage your Network

While many people understand the importance of networks in many aspects of our life such as job-seeking and career development, few understand how networks are formed and evolved. Nor many know how to systematically analyze and identify strengths and weaknesses of our own networks. This session help students understand the importance of networks in career development by providing concepts, diagnostic tools and recommendations. The key concepts build upon the idea of how different types of personal networks are needed in different stages of career development.

1. Ibarra, Herminia, and Mark Hunter. 2007. "How Leaders Create and Use Networks." *Harvard Business Review* 85(1):40-46.
2. Uzzi, Brian, and Shannon Dunlap. 2005. "How to Build Your Network." *Harvard Business Review* 83(12):53-60.
3. Baker, Wayne. 2000. *Achieving Success Through Social Capital*: Jossey-Bass. Chapters 2-3.
4. The Network Effect . *The Economist*, January 17, 2015.

Case: In-class exercise: Analyzing your personal networks

Supplementary readings:

Hill, Linda. (1994). "Managing Your Career" (HBS 9-494-082, 14p.)

Session 8. Family Networks in Business Firms

Family firms, a prevalent type of business firm around the world, and a dominant organizational form in the private sector of East and South Asia, tend to have different organizational structure, decision-making, strategic behavior, and evolution pattern, as compared to large and professionally-managed firms. Family ties (as a strong and unique type of social ties), which carry emotional attachment, identification and value, and trust, play a critical role in the operation of family firms. This session elaborates how family ties and values can affect and co-evolve with business organizations owned and managed by family. To further provide advice and help students, as managers in the future, how to handle these social dynamics in family.

Readings:

1. Wong, S.L. 1985. "The Chinese Family Firm: A Model". *The British Journal of Sociology*, 36, 1, 58-72.
2. Berrone, Pascual, Cristina Cruz, and Luis R. Gomez-Mejia. 2012. "Socioemotional Wealth in Family Firms: Theoretical Dimensions, Assessment Approaches, and Agenda for Future Research." *Family Business Review* 25(3):258-79.

Case: CP Group: Balancing the Needs of a Family Business with the Needs of a Family of Businesses (HBS: 9-312-059, 18p.)

Supplementary readings:

1. Economist, Special Report on "Family Companies." April 18, 2015.
2. Weidenbaum, Murray. 1996. "The Chinese Family Business Enterprise." *California Management Review* 38(4):141-56.

Session 9. Inter-Firm Ties in Business Groups

Many of the large, innovative and profitable firms in East and South East Asia are affiliates of business groups rather than independent, multidivisional firms. There are multiple formal and informal inter-firm networks among member firms within the group. The formal ties include cross-shareholding, interlocking directorate, buyer-supplier relationships and the informal ones comprises family and ethnic relationships and so on. The session covers agenda such as why firms would like to organize as a group and how various within-group networks (formal and informal social ties) play a role in the operation and performance of business group.

Readings:

1. Granovetter, Mark. 1995. "Coase Revisited: Business Groups in the Modern Economy." *Industrial and Corporate Change* 4(1):93-140. (skip pp.100-108)
2. Maman, Daniel. 1999. "Research Note: Interlocking Ties within Business Groups in Israel-- A Longitudinal Analysis, 1974-1987." *Organization Studies* 20(2):323-39.

Case: "Creating a corporate advantage: The Case of the Tata Group" (ISB 005, 14p.)

Supplementary readings:

1. Carney, Michael. 2008. "The many futures of Asian business groups." *Asia Pacific Journal of Management* 28(4):595-613.

Session 10. Regional and Industrial Networks

In addition to firm and group, networks also play a role in regional economy. This session introduces how social networks facilitate economic development within a specific boundary such as geographical regions like Silicon Valley in the US and One-North in Singapore or a specific industrial sector such as biotech and pharmaceutical industries. The main idea is to understand how networks facilitate knowledge transfer, innovation, and growth beyond organizational hierarchies. This session further suggests how managers can take advantage of these networks to develop their business.

Readings:

1. Saxenian, AnnaLee. 1996. "Inside-Out: Regional Networks and Industrial Adaptation in Silicon Valley and Route 128." *Cityscape: A Journal of Policy Development and Research* 2(2):41-60.
2. Powell, Walter W. 1998. : "Learning from collaboration: Knowledge and networks in the biotechnology and pharmaceutical industries." *California Management Review* 40 (3): 228-240.

Case: TBD

Supplementary readings:

1. Saxenian, Annalee, and Jinn-Yuh Hsu. 2001. "The Silicon Valley–Hsinchu Connection: Technical Communities and Industrial Upgrading." *Industrial and Corporate Change* 10(4):893-920.
2. Warner, M. & Hodges, J. 1998. "Inside the Silicon Valley Money Machine." *Fortune* 138 (8), 128-140.
3. Economist "Something in the air: why birds of a tech feather flock together." Special Report, October 27, 2012.
4. Parayil, Govindan. 2005. "From "Silicon Island" to "Biopolis of Asia": Innovation Policy and Shifting Competitive Strategy in Singapore." *California Management Review* 47(2):50-73.

PLAGIARISM WARNING

Academic honesty is a necessary condition in the pursuit and acquisition of knowledge, and the University expects each student to uphold academic honesty. Academic dishonesty is any misrepresentation with the intent to deceive, or failure to acknowledge the source, or falsification of information, or inaccuracy of statements, or cheating at examinations/tests, or inappropriate use of resources.

Plagiarism is generally defined as 'the practice of taking someone else's work or ideas and passing them off as one's own' (The New Oxford Dictionary of English). The University does not condone plagiarism. Students should adopt this rule - You have the obligation to make clear to the assessor which is your own work, and which is the work of others. Otherwise, your assessor is entitled to assume that everything being presented for assessment is being presented as entirely your own work. This is a minimum standard. Additional guidance is available at:

<http://www.nus.edu.sg/registrar/adminpolicy/acceptance.html#NUSCodeofStudentConduct>