Seven
Mishpokhe, Not

There is a delightfully descriptive word in Yiddish, mishpokhe, that refers to people who are "one of us." The word is specifically about extended family, but it is popularly used to refer to people who are one of us. Rosten (1989:338) illustrates with Chase Manhattan Bank’s advertising campaign built around the slogan “You have a friend at Chase Manhattan.” In a window of the bank next to a Chase Manhattan branch there appeared a sign proclaiming “— BUT HERE YOU HAVE MISHPOKHE!”

This chapter is about people who are not mishpokhe, the outsiders who are not one of us. In other words, this chapter is about each of us at one time or another. No matter who you are, there are projects in which you are an insider, mishpokhe, and others in which you are an outsider. Example outsiders are an economist arguing the merits of his model to an audience of sociologists, an American pitching a venture to a French investor, a woman arguing the merits of a business policy to a sexist male, a baby-faced youngster proposing an acquisition to a seasoned pro.

INSIDE AND OUTSIDE BROKERAGE

The distinction between insider and outsider is defined for insiders as clearly as the network is closed around them. Closure implies deep and nuanced knowledge about life inside the network (about the neighborhood, the local culture, the historical period) combined with a correspondingly deep ignorance about life outside the network (the monopoly aspect to closure that was highlighted by spillover effects in the previous chapter). Protection from the complexity and contradictions of life outside the network enables closure’s reputation mechanism to focus insiders on one another, speeding them down the learning curve for their specialization.
Ignorance of life beyond the closed network is no barrier to strong opinion about the outside. Ignorance is more a lubricant for strong opinion. People unable to explain external events that affect them, turn to neighbors to discuss interpretations. As closure is simultaneously about dense relations within the network as well as a lack of relations beyond, discussion within a closed network is simultaneously about who we are as well as who we are not. It is often difficult to find articulate consensus about who we are. We muddle through with stories about who we are not. We take as data the vicarious experience of living through stories about an opinion or behavior that illustrates what it means to be "not us." Wannabe insiders seek out negative stories about outsiders to spread as a demonstration of commitment to the group and its values. Stories circulate, gathering emotional endorsements. Smiles, sighs, eyes too open, eyes too closed, eyes rolled over, shoulders up, fisted palms; so many way to communicate emotional response to gossip’s bid for status. The more closed the network, the thicker the surrounding crust of stories detailing instances of opinion and behavior that are "not us."

Particularly useful are stories about people like us whose opinion or behavior revealed them to be "not us." Frank Ellis in the previous chapter (pages 9-10) was unaffected by the gossip responsible for his negative reputation, but his gossiping neighbors were no doubt brought closer together by sharing stories of displayed distain for their former colleague. The sociology of the situation is that if we didn’t know of unscrupulous colleagues, we would have to make them up. That is the essence of Durkheim's celebrated view on criminals as integral to people having a sense of community (Durkheim, 1893:102):

Never do we feel the need of the company of our compatriots so greatly as when we are in a strange country; never does the believer feel so strongly attracted to his co-religionists as during periods of persecution. Of course, we always love the company of those who feel and think as we do, but it is with passion, and no longer solely with pleasure, that we seek it immediately after discussions where our common beliefs have been greatly combated. Crime brings together upright consciences and concentrates them. We have only to notice what happens, particularly in a small town, when some moral scandal has just been committed. They stop each other on the street, they visit each other, they seek to come together to talk of the event and to wax indignant in common.

Durkheim's intuition is the touchstone for Erikson's (1966: Chap. 3) analysis of the 1692 Salem witch trials as an example of insiders trying to maintain their sense of
community by highlighting shared disdain and abuse of people deemed witches on the periphery of the network (see Boyer and Nissenbaum, 1974, for explicit network data; Douglas, 1991, for analogy to medically unlikely outbreaks of leprosy). Particularly interesting is the connection between community values and the kind of behavior discussed as deviant (Erikson, 1966:23-27). Communities focused on property seem prone to incidents of theft. Communities focused on orthodox beliefs seem prone to incidents of heresy.

"Mobbing" is the contemporary office analogue to village witch hunts. The term is taken from studies of animal behavior. When a predator is discovered within a group of animals, individuals find strength in simultaneously attacking, or "mobbing," the predator. Workplace mobbing occurs when an individual is singled out for emotional abuse (Davenport, Schwartz, Elliott, 1999). As insecure villagers were brought together and protected from Satan by mobbing the witch, insecure office workers are brought together and reassured of their worth by mobbing the target colleague. Following the witch analogy, two qualities should distinguish the colleague targeted by an office mob: living in a way different from others in the office, on the social periphery of the office (see Boyer and Nissenbaum, 1974, on the Salem villagers most likely to be accused of witchcraft).¹

Where certain people are deemed outsiders, insiders are twice advantaged in proposing a course of action. Investors are more likely to believe they understand the meanings, intentions, and probable actions of someone like themselves. Reputation provides further assurance. It is easier for investors to trust someone like themselves to the extent that the person’s reputation among us would be tarnished if investors were treated poorly. Outsiders have the same struggles as anyone else in bring an idea to fruition, but they face the additional hurdle of convincing investors skeptical because of the outsider’s youth, gender, nationality, or whatever other criterion makes a person suspect to insiders. Outsiders have to

¹This is a point that has always troubled me about Sutton's (2007) popular management book on making the workplace a more civil environment. Colorfully titled, The No Asshole Rule, Sutton's idea is to remove from the current workforce, and not allow into the workplace, those abusive people so often discussed as "assholes." I sympathize with Sutton's intent. Incidents of interpersonal abuse can have a dramatic negative effect on the workplace. I have watched too many senior people indulge themselves with public temper tantrums abusing weaker people. At the same time, I am mindful that "asshole" is a label, not a behavior. A policy that empowers colleagues to label one of their own an "asshole" opens the door to the insecurity-alleviating processes responsible for village witch hunts and office mobbings.
provide more detailed proposals because insiders feel less confident predicting an outsider's meanings, intentions, or future behavior. Outsiders have to provide greater assurance to compensate for the lack of a reputation cost that would lower the risk of insider trust.

The insider advantage creates at least four kinds of costs. Value available from brokerage with or by outsiders is less likely to occur. Second, outsiders disadvantaged in the informal organization of a company have an incentive to leave to find employment with a more compatible firm. The same leadership exercised elsewhere has a higher chance of success and lower probability of being credited to insiders. Third, the exit of able outsiders leaves behind less-able outsiders, reinforcing insider stereotypes about outsiders being less able. Fourth, systematic departures by able outsiders sully the employer's reputation as an enterprise focused on performance.

**WHY THIS CHAPTER**

My concern in this chapter is neither the phenomenon of finding common cause in shared distain for outsiders, nor the costs created by too severe a distinction between insider and outsider. I have elsewhere discussed reputations exaggerated by gossip echoing within closed networks (Burt, 2005: Chap 4).

My concern here is an implication of the corrective action by which outsiders can work around the problem. The insider advantage is foundation for network diagnostics by which people being treated as outsiders can be identified. They are the people systematically denied the benefits of network brokerage. Insiders are people whose performance is enhanced when they connect across structural holes, as illustrated by the graphs in Chapters 2, 3, and 4. Outsiders are people whose performance suffers when they connect across structural holes — unless their connections are made in conjunction with an insider. Everyone needs sponsorship now and again. Outsiders are people whose success is systematically contingent on sponsorship. In the company to be analyzed in this chapter, the outsiders turn out to be woman and young men. Race, geography, and kind of work are determined not to be criteria distinguishing outsiders.

The corrective action is relevant to this book because it seems to contradict the finding in Chapters 3 and 4 that "secondhand" brokerage provides no
advantage. If brokerage among friends of friends provides negligible, secondhand, value, why is there such clear advantage to outsiders from affiliation with well-connected insiders? Classroom discussion seems to have a nose for this contradiction. The contradiction almost always comes up after students have had a chance to think about secondhand brokerage and outsider networks.

The seeming contradiction is one of those exceptions that proves the rule. How that is so is the subject of this chapter. I begin with the network diagnostics that indicate a diversity problem, as foundation for the evidence showing that affiliation with a network broker is a way for people deemed outsiders to overcome the problem.

**NETWORK DIAGNOSTICS INDICATING A DIVERSITY PROBLEM**

Network brokerage is a craft more than a commodity so benefits typically vary widely between individuals. For example, benefits vary with the kind of work a person does. The more unique the work, the more that ego has to figure out how to fit the work to the situation, so the more that performance depends on the information access and control benefits of bridging structural holes (Burt, 2005: 156-162). Benefits also depend on other people accepting ego's brokerage, so another source of variation in benefits is whether ego is accepted as an insider or kept at arm's length as an outsider.

**An Instance of Women Treated as Outsiders**

Figure 7.1 contains graphs of associations between network constraint and early promotion to senior job rank for managers in a large American computer and electronics company. Company records on all managers in the four job ranks below vice president were combined with survey network data on a representative sample of 284 managers in the autumn of 1989 (Burt, 1992:118-126). Figure 7.1 contains data on men and women in the three job ranks below vice president (the top three job ranks of the four sampled). The managers were all employed in the same firm, but their firm was the size of a small city, scattered across separate parts of the country, and diverse corporate functions (sales, service, manufacturing, information systems, engineering, marketing, finance, and human resources).
Since the 1989 survey, the company has been acquired, and its acquirer acquired, so this organization and its issues are ancient history. The lesson remains, perhaps more productive now that it is free of legal implications for the long-digested organization.

—— Figure 7.1 About Here ——

The vertical axis is early promotion. The company focused on promotions from within the company. A certain amount of time had to pass before people were ready for promotion to senior rank. How much time is a performance criterion in that certain people were promoted early to senior rank (see Merton's, 1984, theoretical analysis of the socially expected duration associated with time in a role, entry to the role, and exit; Burt, 1992:196-197, on using socially expected durations to measure competitive success). To distinguish early from late promotions, I used archival data on the managers to predict age at promotion to current rank from a manager's kind of work (job rank and function), plant location, and personal background (education, race, gender, and seniority; see Burt, 1992:126-131, for details). Expected age at promotion, E(age), is the average age at which a manager with a specific personal background is promoted to a specific rank within a specific function. Residuals from the regression prediction are the vertical axis in Figure 7.1. Early promotion is the difference between when a manager was promoted to current rank and the age at which similar managers on average are promoted to the same rank to do the same work: early promotion = E(age) - age. A score of -5.5, indicates a manager promoted five and a half years behind similar managers promoted to the same job. Managers promoted earlier than expected are at the top of the Figure 7.1 graphs.

The bold line in the large graph in Figure 7.1 shows that early promotion, on average, had a negative association with network constraint in the organization, indicating the usual advantage of a network that spans structural holes (cf., Figure 2.4). Network constraint varies across the horizontal axis of the graphs in Figure 7.1 with the extent to which a manager turned to one interconnected group of

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2There is a significant promotion difference between men and women, reflecting company efforts to bring women into the senior ranks. The average woman is promoted three years earlier than a comparable man. The exact zero-order difference is 3.4 years (4.0 t-test), which is 3.1 years in a multiple regression holding constant the other variables in the age regression equation (3.9 t-test), and 2.8 years in the same regression excluding sample men older than the oldest women (3.8 t-test). Although women arrive at their senior ranks significantly earlier than comparable men, the network data show that the women arrive by a very different route.
colleagues for kinds of relations (informal discussion and socializing, political support, advice, supervision; see Burt, 1992:121-126, for details on the network data used to measure constraint). Note that the network constraint scores are concentrated at the low end of the large graph (cf. Figure 2.4). These senior managers were all network brokers. They did not vary in whether their networks spanned structural holes so much as the extent to which their networks spanned holes. This organization was an early example of what would later be termed a "network" company. The orientation manual for new managers emphasized the importance of informal networks for collaboration. Culture was also evident in the labels assigned to deviants. Managers who did not invest in colleague networks were discussed in derogatory tones as "lone ranger" types.

The aggregate advantage of network brokerage in Figure 7.1 is a combination of two very different conditions. There is strong advantage for men. The thin solid line in the large graph shows an association with early promotion that is stronger than the average association (-.25 overall correlation is -.40 for men, -3.63 t-test overall increases to -5.56 for men). The dashed line shows the exact opposite association for women (.53 correlation, 3.42 t-test). With few women in the top three manager ranks (32 of the 202 managers in Figure 7.1), the aggregate network association with early promotion is based primarily on the advantages to men. Separating men from women shows that the women were not rewarded for networks that spanned structural holes. In fact, they were punished. "Not rewarded" implies a negligible return to brokerage. What you see in Figure 7.1 is that the women with networks spanning structural holes were systematically late receiving promotions to senior ranks. The gender disadvantage is consistent across job ranks and company divisions. Details are given elsewhere (Burt, 1998a), but the small graphs in Figure 7.1 show the data within each of the three senior manager job ranks. In each graph, the solid line shows early promotions going to men with brokerage networks and the dashed line is reversed showing late promotions to women with brokerage networks.

A routine statistical test for the gender difference would be to test for level and slope adjustments to the association between network constraint and early promotion: \[ EP = \alpha + \beta \ln(C) + \gamma F + \delta X \], where \( EP \) is the early promotion variable on the vertical axis in Figure 7.1, \( C \) is the network constraint variable on the horizontal axis, \( F \) is a dummy variable distinguishing women (or some other
category of people likely to be treated as outsiders), and X is the product of F times \( \ln(C) \). Coefficient \( \gamma \) is a level adjustment measuring the amount by which women with \( \ln(C) \) scores of zero would be promoted later than men (I say "would be" because there are no managers in this population with network constraint scores that low), and \( \delta \) is a slope adjustment measuring the amount by which the network constraint delay on promotion is less for women. Estimates for Figure 7.1 yield t-tests of -5.20 for \( \gamma \) and 5.18 for \( \delta \). Women with extreme brokerage networks would be promoted significantly late, and network constraint hurt women's odds of early promotion significantly less than it hurt men's chances. The same equation with variable F distinguishing non-white managers yields t-tests of 1.37 for \( \gamma \) and -1.38 for \( \delta \). Both are statistically negligible. In this population of managers with primarily engineering backgrounds, race did not distinguish outsiders. Gender did. Women seem to have been systematically excluded from the benefits of network brokerage.

**Broader Diagnostic Results**

I tested gender and race as possible criteria distinguishing outsiders because those are criteria we often discuss. Ideally, a diagnostic should reveal categories of people treated as outsiders when the categories are not known in advance. I ran such a diagnostic, which turned out to be useful in broadening the criteria for outsiders beyond gender. The more general diagnostic is illustrated in Figure 7.2 using the network and early promotion data on all 284 managers who responded to the network survey.

**Rank People by Fit to the Brokerage Story**

The first step in the diagnostic is to rank people by their fit to the network brokerage story. A person fits the story in either of two ways: performing well with a network that spans structural holes, or performing poorly with a closed network. The 284 sample managers are ordered across the horizontal axis in Figure 7.2 by their contribution to the negative correlation between early promotion and network constraint.

I use subsample correlations because they are so readily interpretable, but one could use any of a variety of scores based on residual deviation from the regression line. Subsample correlations are the basis for Tukey's jackknife statistic. Finifter (1972) continues to be a good introduction to subsampling used to
generate statistical confidence. Let $r$ be the aggregate correlation between network constraint and early promotion. Let $r_i$ be the correlation when manager $i$ is removed from the data. If a manager fits the brokerage story, excluding him or her from the data will weaken the negative correlation between early promotion and network constraint ($r_i$ less negative than $r$). If the manager contradicts the brokerage story — by performing well with a closed network or performing poorly with a network that spans structural holes — then excluding him or her from the data will yield a stronger negative correlation ($r_i$ more negative than $r$). The manager at rank one on the horizontal axis in Figure 7.2 is the manager who most contributed to the negative association between early promotion and network constraint across all 284 sample managers (maximum $r_i - r$).

The rank order is now defined, but as a descriptive indicator of how the network association with promotion changes across the rank order, I computed for each manager the correlation between early promotion and network constraint within subsamples of 21 managers (the manager plus the 10 next people higher in the rank order and the 10 next lower in the rank order). The subsample correlation is the vertical axis in the graph at the bottom of Figure 7.2. The network-promotion correlation is severely negative across the 21 managers who most fit the brokerage story ($-0.84$ correlation in the lower-left of the graph, $-6.88$ routine t-test). It increases to a high positive correlation for the 21 managers who least fit the brokerage story ($0.67$ correlation in the upper-right of the graph, $4.22$ routine t-test). The subsample size of 21 is arbitrary. Larger subsamples smooth away more individual differences. I settled on 21 after looking at variation in network constraint and the subsample correlation with early promotion for larger and smaller subsamples. The network-promotion correlation in small subsamples bounces up and down between adjacent subsamples because of subsample to subsample differences in the range of network scores.

The subsample correlations in Figure 7.2 increase steadily from left to right, showing no cluster of managers in which advantage is exceptionally concentrated or denied. If the benefits of network brokerage were concentrated in a small minority of managers, the correlations would increase sharply to the left of the graph. If a small group of managers were sharply distinguished as outsiders, then
the correlations would remain low across the graph until they increased sharply toward the right of the graph.

Correlate Personal Attributes with Rank Order

Second, look for kinds of people concentrated at the bottom of the list. Estimation of the performance correlation with network constraint assumes that deviations from the correlation are random across individuals. The rank order in Figure 7.2 should be independent of personal attributes. An attribute concentrated toward the bottom of the rank order indicates that people with that attribute are systematically excluded from the benefits of network brokerage in the population being analyzed.

For example, each W at the top of Figure 7.2 represents a woman in the study population. The Ws are located by the corresponding woman's position in the rank order across the horizontal axis. Given the obvious gender difference in Figure 7.1, it is not surprising to see Ws concentrated to the right of the graph, among managers disadvantaged by network brokerage. Routine statistical inference implies that women are significantly lower in the rank order (3.32 t-test).

Each N at the top of Figure 7.2 represents a non-white manager in the rank order. The Ns are randomly distributed across the rank order, indicating that race is not a criterion distinguishing outsiders (-.08 t-test).

I searched through all the background variables available looking for personal attributes associated with brokerage. There was only one besides gender. The fourth job rank below vice president was a point of entry into senior management. Men in that entry job rank are the Es at the top of Figure 7.2. They are concentrated to the right of the graph, among the managers denied the benefit of network brokerage (3.38 t-test). These were not young men by age, but they were the new guys in senior management. Like women, they were not rewarded for bridging structural holes. Unlike women, their careers were not delayed by brokerage so much as their returns to brokerage were negligible: The early-promotion correlation with network constraint for the women in Figure 7.1 is .53 with a 3.42 t-test. For entry-rank men, the correlation is a negligible .11 and 0.88 t-test. I excluded entry-rank men from Figure 7.1 to highlight the gender difference with which I introduced the organization. It is now clear that men entering senior management ranks were also denied the benefits of network brokerage.
To say that a category of people is treated as outsiders does not mean that every person in the category is treated as an outsider. Women and entry-rank men are further down the rank order in Figure 7.2 (177 mean rank for women, 172 mean rank for entry-rank men, 121 mean rank for senior men), but not every woman was denied the advantage of network brokerage and some entry-rank men did well with a network spanning structural holes. There is a woman in Figure 7.1 who was promoted early to senior manager with a network that spanned structural holes (black dot with a 0.3 score on early promotion and 19.8 for network constraint; not much of an exception, but clearly a person not punished for having a low-constraint network). There were men promoted to the entry rank who got there early with a brokerage network (not presented in Figure 7.1 to highlight the gender difference; most extreme was promotion 4.8 years early with network constraint at 23.9). On average, however, women and entry-rank men were excluded from the benefits of network brokerage.

It might not seem a great shock to learn that men in senior job ranks are insiders while women and entry-rank men are outsiders, so it is useful to pause for a moment to reflect on the results. The diagnostic results show that women and entry-rank men in the study population were most at risk of being denied the benefit of network brokerage. The risk to women is more severe in that: (a) women's careers are delayed by network brokerage while entry-rank men merely enjoy no advantage from brokerage, and (b) men enter senior management as outsiders but are insiders for subsequent promotion while women remain outsiders for promotion to each rank (as illustrated by the small graphs by job rank in Figure 7.1).

There is also value in what the diagnostic results show about kinds of people not treated as outsiders. Apart from gender and entry-rank, no other measured attributes of managers, including race, is a criterion distinguishing outsiders. Moreover, women and entry-rank men might seem obvious candidates for outsider status, but they are not always outsiders. In other organizations, I have not found the distinction observed here in which entry-rank men are outsiders, and I have found one organization in which women were the insiders (Burt, 2000:403). Beyond the limit number of organizations on which I have network data, there are the many instances in which people assigned to a particular job have to battle as outsiders even though they would be readily accepted elsewhere as insiders (e.g., the cases of Paduka and George discussed later in the chapter).
More Local Diagnostic

The diagnostic can also be useful in detecting less traditional, finer-grain issues within organizations. Recall the supply-chain organization introduced in Chapter 3 (sociograms in Figure 3.6 and 3.7). I ran the network diagnostic on the organization. I found no evidence of gender, race, or age used as a criterion to distinguish outsiders. The organization was attractively open to leadership by all kinds of people. However, discussion with a colleague long familiar with the supply chain revealed an issue I had not considered. In the rank order of supply-chain managers, analogous to the rank order in Figure 7.2, my colleague noted a cluster of people at the bottom of the list who worked in the same city, and another cluster of people at the top of the list who worked in another city. The geographic regions corresponded to organizations run by two senior people. I had tested for region, but not as region corresponded to supervision by the two senior people. When I created attribute variables to distinguish people in the organizations run by the two senior people, there was a systematic tendency for one to have subordinates at the top of the rank order while the other’s subordinates were at the bottom of the rank order.

It turned out that the person with subordinates at the top of the rank order was busy with other activities, which left subordinates to exercise their own leadership. Subordinates who ran a smooth operation were rewarded with positive evaluations and good salary increases. These subordinates tended to have networks that connected across groups in the company, which is how they managed to keep their operations running smoothly. Subordinates embedded in a closed network of colleagues were more often surprised by changing business demands and asked the boss for guidance or intervention. These closed-network subordinates were not rewarded. The result was a strong association between subordinate performance and network brokerage. The senior person running this organization was not paying much attention to the subordinates, but there was just enough attention paid to put out fires and grow an able group of new managers. Several subordinates in this organization rose to senior rank in the broader supply chain organization.

At the other extreme, the senior person with subordinates at the bottom of the rank order managed subordinates more closely. Rewards went to people who had been with the organization a long time. Subordinates were neither rewarded for brokering connections across groups, nor punished for building closed networks
within their group. Almost none of the subordinates under this senior person rose to senior rank in the broader supply-chain organization, and the senior person was eventually relieved of command.

In sum, the network diagnostic illustrated in Figure 7.2 is useful for diagnosing the extent to which familiar categories of people — or company-specific categories of people — are being denied the benefit of network brokerage, which implies brokerage limited to a select group of insiders, and poor development of the leadership skills that employees will need for success at higher levels of the organization.

HIERARCHY IS THE ACTIVE INGREDIENT
The implication of the story so far is that women in the study population would have been wise to build for closure, men would have been wise to build for brokerage, and men just entering senior management would have had to endure a period of suspicion from more-senior men before they were accepted as insiders. Before jumping to the conclusion that closure speeds promotion for anyone, I want to go deeper into the association with network constraint. As introduced in Chapter 2 (pp. 6-7), and explained in Appendix B (pp. B2-B7), network constraint is composed of three network ingredients: size, density, and hierarchy. Access to structural holes is constrained when a person has very few contacts (size), contacts directly connected with one another (density), or contacts connected indirectly through a central person (hierarchy). Any of the three components could be responsible for a performance association with network constraint. Distinguishing the three components is a methodological distraction when describing the aggregate performance association with bridging structural holes. I now distinguish the three components to understand how constraint is an advantage for outsiders.

Karen and Jane
Figure 7.3 illustrates the point that will be nailed down in a moment with regression results across all of the managers. The figure contains sociograms and network scores for two women, Jane and Karen, identified in the Figure 7.1 graph. (Jane and Karen are pseudonyms.) The two women are at about the same level of network constraint on the horizontal axis in Figure 7.1, but Jane was promoted to
the rank of senior manager 9 years earlier than other women like her while Karen
was promoted to senior manager 7 years later than other women like her. Given
similar levels of network constraint, what is different about the networks that could
account for the wide difference in promotions for the two women?

Network constraint for the two women is presented in Figure 7.3
disaggregated down to contact-specific constraint scores. The network constraint
index, C, is the sum of contact-specific scores (the c_{ij} in equation B1 in Appendix
B). For example, the contact first named in Karen's network survey posed 4.5
points of network constraint on Karen, the second posed 3.7 points, the third 4.2
points, and so on. Karen's nine contact-specific scores in Figure 7.3 sum across
contacts to Karen's 34.0 score on the network constraint index. Similarly, the
contact-specific scores for Jane sum to her 31.3 score on the network constraint
index.

The networks around Jane and Karen are in some ways similar. The level of
network constraint on both women is about the same; 31.3 and 34.0 points
respectively, which puts them at about the same point on the horizontal axis in
Figure 7.1. Both women cited nine contacts, so network size is the same for them.
The average connection between Jane's contacts is slightly lower, but both Jane
and Karen have about the average level of network density in this study population.

The two women differ on hierarchy. The hierarchy score for Jane's network is
slightly more than two standard deviations above the population average. The
hierarchy score for Karen's network is slightly more than a standard deviation
below average. The two women are on opposite extremes in the population
distribution of network hierarchy scores.

Look down the list in Figure 7.3 of contact-specific scores for Karen. Density
measures the average level of connection among a person's contacts and
hierarchy measures the extent to which constraint is concentrated in one contact.
Each of Karen's contacts poses about the same level of constraint. Her network

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3To compute the network constraint and hierarchy scores for Jane and Karen, you need the
strength of relations from each woman to their contacts. Karen felt equally close to each of her
contacts. Jane felt close to her boss, less close to contacts six and seven, and especially close to
her other six contacts. Quantitative scores for the survey responses are 1.00 versus .34 for
especially close versus close relations between contacts, and 1.00, .69, and .37 for respondent-
contact relations of especially close, close, and less close (Burt, 1992:287-288).
hierarchy score is near zero. Karen has a network closed by dense connections among her contacts. The sociogram shows close relations between most of her contacts, augmented by especially close relations between some contacts, especially with Karen's boss. I know from the survey that Karen's network was concentrated in her immediate work group. Contacts 3, 4, 6, 7, 8, and 9 were all people who worked with Karen under her boss.

Jane's network involves the same number of contacts but has a broader reach. From the survey, I know that only two of Jane's nine contacts were from her work group: contact 3 and her boss, contact 2. Jane's other ties were essential sources of buy-in beyond her group (contacts 1, 4, 5, and 6), and more distant contacts who Jane cited as valuable sources of support and advice. Sam is the key to understanding Jane's network. (Sam is a pseudonym.) Sam was a sponsor for Jane. Jane felt that she had received some good advice from Sam, but what she most appreciated were the introductions Sam made for her in the organization. Jane's boss maintained a good relationship with his prior boss, Sam. On her boss's recommendation, Jane represented her group in a project under Sam's direction. Sam was impressed with Jane and took her under his wing, brokering introductions to other senior people. Senior people dealing with Jane felt that they were dealing indirectly with Sam, which greatly simplified Jane's work with them.

Look down the list of contact-specific scores for Jane. Sam poses a level of network constraint more than three times larger than the level posed by any of Jane's other contacts. The sociogram shows a few close relations, but many especially close relations with Sam and Jane's boss. Jane and Karen have similar levels of network constraint, but the constraint is for very different reasons. Karen's network is closed by dense interconnections among all contacts. Jane's network is closed by indirect connections through Sam.

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4Sponsor is my word, not Jane's. I telephoned Jane in 1993, four years after the original study, in the course of preparing the graphic in Figure 7.3 for an M.B.A. course. I identified Jane and Karen from the sample data distributions because they nicely illustrated the hierarchy association with early promotion. I wanted more information on Jane to bring her to life for the business students. I called the telephone extension I had for Jane from the original study, and was transferred to her new number. I explained the nature of the call, and was graciously given a better understanding of Sam's role in her work at the time of the study.

5Continuing footnote 3, the concentration of Jane's network in Sam is increased by her especially close relationship with Sam, weaker relationship with her boss, and less close relationship with the two contacts especially close to her boss (contacts 6 and 7).
Generalizing the Example

The bar charts in Figure 7.4 generalize the point illustrated by Karen and Jane and put it in the context of managers trying to diagnose their own networks. For Figure 7.4, I divided the managers into three qualitative network categories. Closed hierarchical networks are those with hierarchy scores that are average or higher in the population. Closed dense networks are non-hierarchical networks with constraint scores that are average or higher in the population. Broker networks are non-hierarchical networks with constraint scores below average.

The first panel in Figure 7.4 shows how early promotion varied across the three categories of networks. Senior men show the advantages expected of network brokerage. Early promotions went to senior men with broker networks. Late promotions went to senior men with networks closed by dense relations or network hierarchy. Continuous network measures yield the same conclusions. When I regress early promotion (the vertical axis in Figure 7.1) across the three component variables in network constraint, I get the following standardized multiple regression results for senior men (multiple correlation of .49): Early promotions went to senior men with larger networks (.27 coefficient for network size, 3.86 routine t-test). Late promotions went to senior men with networks closed by dense connections among contacts (-.43 coefficient for network density, -5.71 t-test), or networks of contacts connected indirectly through a central person other than ego (-.23 coefficient for hierarchy, -3.01 t-test). Results in other organizations also show the negative effect of network closure for insiders, sometimes from density alone, sometimes from both network density and hierarchy (Burt, 2000:378).

To the right in the first panel of Figure 7.4, the results on women and entry-rank men generalize the point illustrated by Karen and Jane. Closure is associated with early promotion for women and entry-rank men, but only closure by hierarchy. Networks closed by dense relations have no association with promotion for women or entry-rank men. And, as illustrated in Figure 7.1 for women, broker networks are associated with late promotion to senior manager rank. When I regress early promotion across the three component network variables, I get the following standardized multiple regression results for women and entry-rank men (multiple correlation of .37): Network size is irrelevant (-1.54 t-test). Network density is negligible (1.86 t-test). Network hierarchy has a strong positive association with
early promotion (3.24 t-test). In other organizations, I find a similar effect concentration in network hierarchy for outsiders (Burt, 2000:403).

Diagnosis Is Difficult from Inside the Network

Given the networks associated with early promotion, one could expect that senior men would disproportionately build broker networks while women and entry-rank men built hierarchical networks. But company processes and the company emphasis on collaborative networks were powerful forces shaping networks. The second panel in Figure 7.4 shows that women and entry-rank men built the same networks built by senior men. In fact, the three categories of networks occur in similar proportions among every kind of manager in the study population.6 This is interesting for observers who claim that kinds of people to build kinds of networks (e.g., women build closed networks while men build broker networks).

Even if the kind of network around a manager had been determined completely by the company and colleagues, a strategic manager should know whether his or her network is an asset or a problem. Senior men who had a broker network should have been pleased with their network since that is the network associated with early promotion for senior men. Women and entry-rank men with broker networks should have been displeased with their network since that is the network associated with late promotion for women and entry-rank men. The third panel in Figure 7.4 shows that the managers were quite poor at diagnosing their networks. Bars indicate the percentage of managers who said that their network was "as effective as any at my level within the company." The negligible test statistic in the figure shows that network evaluations were similar across kinds of networks and the insider-outsider distinction. Broker networks are the only kind associated with early promotion for senior men, but senior men with closed hierarchical networks were just as enthusiastic about their networks (about two-thirds of the men with either kind of network feel that their network is effective). Closed hierarchical networks are the only kind associated with early promotion for

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6The chi-square statistic for the second panel in Figure 7.4 shows that the three kinds of networks are independent of the distinction between senior men versus women and entry-rank men. The three kinds of networks are similarly independent of a distinction between men and women (4.10 chi-square, 3 d.f., P = .25), a distinction between people long with the firm in their function versus people more recently hired (1.22 chi-square, 3 d.f., P = .75), a distinction between the four job ranks (3.80 chi-square, 9 d.f., P = .92), and a distinction between eight functional areas (23.96 chi-square, 21 d.f., P = .30).
women and entry-rank men, but those with broker networks — the worst choice for these managers — were just as enthusiastic about their networks. If there is informed strategic behavior here, it is difficult to see. Kinds of networks had career implications for kinds of managers, but kinds of networks are randomly distributed across insiders and outsiders, and both were poor judges of whether their network was effective (as "effective" was reflected in early promotion).

STRATEGIC PARTNERS AND PARTNER NETWORKS
The key fact is that only one form of closure — hierarchy, not density — is associated with outsider success. The difference between the two kinds of closed networks is a partner who has access to structural holes.

Hierarchy Indicates a Partner with Access to Structural Holes
The point is illustrated in Figure 7.5. Imagine that you are trying to broker connections among people who deem you an outsider. You find a well-connected insider willing to make introductions for you. The first sociogram in Figure 7.5 has you linked with that insider, who I will discuss as a partner, a strategic partner for the critical advantage provided to outsiders. The second sociogram in Figure 7.5 shows that your partner is connected across structural holes within the target environment. When your partner introduces you to his contacts, you end up with the hierarchical network displayed as the third sociogram in Figure 7.5. The network is hierarchical in that one of your contacts, the partner, indirectly connects your other contacts. You and your partner own the network jointly. Note that you only arrive at the hierarchical network when your partner connects across structural holes. If the partner's contacts are connected directly, you end up with a network of densely interconnected contacts — and networks closed by density are not associated with outsider success (top panel in Figure 7.4). In short, hierarchy indicates a network built around a partner who has access to structural holes.7

7On a methodological note, strategic partners are not captured by the measure of indirect network constraint used in Chapters 3, 4, and 5. Indirect network constraint measures the extent to which a manager is affiliated with network brokers, which seems analogous to the idea of strategic partners. However, mere affiliation is most closely analogous to the second sociogram in Figure 7.5; the sociogram of ego before relations have been established with the partner's contacts. After ego has established relations, the network is hierarchical as illustrated in the third sociogram in Figure 7.5.
The partner has two effects. The first is a "framing" effect. Framing occurs when meaning derives in some part from the context in which an object, idea, or person is viewed. Affiliation with an established insider frames the outsider as a person who is not like other outsiders; this is an outsider acceptable to insiders, a "good" outsider. The partnership is also an implicit endorsement, carrying a reputation cost for the partner. If relations with the outsider sour, it would be to the detriment of the insider who brought the outsider in among us. If relations with the outsider turn out well, that too would reflect on the insider who made us aware of this terrific person. The essence of the partner role is to loan reputation to an outsider. Thus the Rothschild anecdote I quoted in introducing this book: asked to invest in a friend’s new venture, it is said that the great man replied he would not invest, but he would walk arm-in-arm with his friend across the exchange floor. In short order, there would be investors to spare. The risk to reputation is not emphasized in the anecdote. Walking across the exchange floor too often with schemers who turned out to be con men would, in short order, destroy the great man’s reputation.

—— Figure 7.5 About Here ——

The partner role is especially obvious when network brokerage crosses corporate or cultural boundaries. It is official in Japan. There are industry-specific directories of people available to help outsiders develop relations with Japanese firms. The people in these directories are usually retired corporate executives who prefer the active life of consulting to life in a window seat. These people bring no technical skills, for they were too long at the top to know the technical details of their industry. They bring connections. Without the proper personal connections, outsiders don’t do business in Japan. Corning Glass is a concrete illustration. Corning has a history of joint ventures that give Corning access to a market where the partner firm is established. Nanda and Bartlett (1990) offer illustrative examples in the United States and Europe, but I particularly enjoy their quote from a Corning executive commenting on the result of Corning’s alliance with the Japanese firm Asahi (Nanda and Bartlett, 1990:14): “When our salespeople began calling on the Japanese TV set manufacturers, we felt as if a veil came over them

8I am grateful to James E. Schrager for calling my attention to these directories. Professor Schrager’s knowledge of them comes from their importance in his work arranging partnerships between American and Japanese firms through his firm, Great Lakes Consulting Group.
when they dealt with us. Their relationships with their Japanese suppliers ran very deep, while they were very distant with us. Last week, Asahi people escorted me to a meeting with the worldwide TV tube manager of a large Japanese company and introduced me properly to him. We had extremely fruitful conversation. I wouldn't have even been able to meet him and discuss issues between us if it were not for the Asahi connection."

I am discussing the partner as strategic because of the association between hierarchy and outsider success. Strategic intent can originate with ego or the partner, but without knowing the origin of the hierarchical network around a manager, there is no sure indicator of strategic intent. In Figure 7.5, partner relations with contacts are the foundation for ego's relations. Alternatively, ego's relations could be the foundation. For example, I often see hierarchical networks around executive M.B.A. students with the student's spouse playing the role of partner. The student is exposed to diverse new contacts in the program and those she enjoys she introduces to her husband. Ego's relations are foundation for the partner's relations. This program effect on conjugal networks is similar to the effect Bott (1957) reports for geographic mobility. When a married couple moves to a new town, new acquaintances close to either spouse are introduced to the other spouse. A hierarchical network emerges in which each spouse is partner to the other. Thus, non-strategic partners certainly exist. However, the systematic association in Figure 7.4 between hierarchy and outsider success implies that partners in the manager networks tended toward the strategic kind (again, allowing that the intent could originate with the manager or the partner).

**Paduka and George**

Bringing the concepts down to a more personal level, and expanding the range of examples, Figure 7.6 contains sociograms and network scores describing two men who have done well with strategic partners. The network data were obtained with the web-based survey instrument in Appendix A (see Figures A1 and A2), followed by discussion in workshops on business networks. I selected Paduka and George from the workshop participants because these two cases nicely broaden the range of strategic partner networks discussed in this chapter. To preserve confidentiality, the names are pseudonyms and the businesses are described in general terms.
To the left in Figure 7.6, Paduka is an entrepreneur who runs a successful manufacturing company. Paduka owns the company jointly with another man who is partner both in the usual legal sense of owning a large piece of the business and in the network sense of providing access. Look down the list in Figure 7.6 of contact-specific network constraint scores for Paduka. The partner poses more than three times the level of constraint posed by the next highest source. Paduka's network hierarchy score is high at 20.0 points. Jane's hierarchy score in Figure 7.3 was a lower 15.9 points, and that score was two standard deviations above average in the population of senior managers.

—— Figure 7.6 About Here ——

Paduka's partner has little to do with operations, but the business would not exist without him. Contacts 2, 6, 7, and 8 own retail stores through which the company sells its product. All four customers are long-term friends of the partner. Paduka feels that he has built up good relations with each of them, but they initially accepted contracts with Paduka on the strength of their relationship with the partner. More, the partner grew up with Paduka's father-in-law. It was the partner and father-in-law's joint endorsement to a banker with whom they had long-standing business that secured the loan for the company's initial funding. When Paduka started this business he was not an outsider in the sense of insiders being uncomfortable with his gender, race, or nationality. He was just another guy looking for an interesting business to run. The strategic partner distinguished Paduka as someone to whom the partner's contacts would do well to pay attention. All have done well with the venture.

To the right in Figure 7.6, George is the director of strategy in a moderate-size company organized into four divisions. George feels good about his contributions to the company in the two years since he joined: a successful acquisition in his first year that links two of the company divisions, and a new marketing campaign launched this year. The current CEO has run the company for a long time. He runs it with a strong hand. He met George at a social event, was impressed, brought George in for a couple months as a consultant, then created the full-time position George now holds. The sociogram in Figure 7.6 shows George and the CEO in a cluster composed of the CEO's deputy and George's three subordinates, who were company employees long before George joined. Beyond the staff cluster, George and the CEO are both tied to each division president, none of
whom are close to the others, or anyone in the staff cluster. The list of contact-specific network constraint scores for George shows that the CEO is far and away the dominant source of constraint on George. Here again, George's network hierarchy score is high at 20.0 points.

George is twice an outsider. This is a company run by the same person for a long time with long-time employees. Long-term relations are routine in this company, so anyone new is a bit of an outsider, especially if they enter at a senior level. Youth is also an issue. The CEO is in his 60s and his four division presidents are within a decade of his age. At age 28 when he met the CEO two years ago, George is much younger than the people he advises on business strategy. Without the CEO's endorsement, it is not clear to George that he would have prospered in this position.

A Third Step in the Network Diagnostic
The link between hierarchy and a strategic partner sets up a third, elective, step to the network diagnostic in Figure 7.2. The first two steps identify kinds of people excluded from the benefits of network brokerage. This third step determines the operation of strategic partners. In thinking about the value of the third step, recall the evidence in Figure 7.4 showing how inadequate the managers were in diagnosing their own networks. Managers with networks beneficial to their situation were no more positive about their networks than managers with networks detrimental to their situation. The third diagnostic step is a rigorous way to determine whether strategic partners are operating in a study population.

The third step is to regress outsider performance across the size, density, and hierarchy components of network constraint to identify the active ingredient responsible for outsider success, as was done here in association with Figure 7.4. Systematic association between performance and hierarchy for a category of people indicates that success for those people depends on affiliation with a network broker, a strategic partner in the population. It is one thing for individuals to occasionally benefit from a partner's social connections — as did Paduka and George. It is another thing for a category of people to consistently depend on partners for success. Since partnering is a strategy through which suspect outsiders get access to the benefits of network brokerage, a category of people for whom success depends on partnering is a category of people deemed suspect.
The fact that women and entry-rank men in Figure 7.4 fell behind when they brokered connections on their own, and moved ahead when they worked with a partner, corroborates the diagnosis of a diversity problem in the organization, and confirms the operation of strategic partners for outsiders lucky enough to have them. A practical next step in managing the diversity problem would be to ensure the availability of strategic partners until the kind of people deemed outsiders have been absorbed into the organization as another kind of insider.

CONCLUSION

In ostensible contradiction to the findings on secondhand brokerage, people can benefit from affiliation with network brokers. However, the benefit is limited to a specific category of people — people deemed outsiders. In fact, the benefit provides a network diagnostic for identifying the kinds of people deemed outsiders in a population. The usual association between performance and network brokerage is reversed for outsiders. Outsiders with networks that span structural holes are punished in the sense that their evaluations are less positive relative to peers, their compensation is lower, and their promotions come later. The outsiders are not being punished for having good ideas, if in fact insiders ever listen to their ideas. Nor are they punished for having relations outside, if in fact insiders are ever privy to the outsider’s relations. Outsiders are being punished for making a claim to insider status, for being so presumptuous as to suggest how insiders should think or behave. Strategic partners provide a route around the problem. Outsider access to the benefits of network brokerage is indirect, through a strategic partner who frames the partnered outsider as unlike the stereotype of outsiders, using the partner’s reputation as an endorsement.

The key research result is the particular form of network closure associated with outsider success: it is hierarchy, not density. Hierarchy results when a manager affiliates with a network broker who makes introductions to the broker’s contacts (Figure 7.5). The resulting network is rich in structural holes with the manager’s access to them underwritten by the partner. A manager partnering with someone in a network of densely interconnected contacts ends up a member of the dense network, and density is not associated with outsider success. The fact that outsider success is keyed to hierarchy highlights a similarity between insider and
outsider: They both benefit from access to structural holes. They differ in how they access the benefit. Access is direct for insiders; in fact, they are punished for relying on partners for their access (negative effect of hierarchy on early promotion for senior men in Figure 7.4). Access is indirect for outsiders. The positive correlation between network constraint and outsider success is a reduced-form coefficient. It is the combination of a strong relation to a partner and a broker network around the partner. The two factors combine to define a high-constraint hierarchical network around the manager. Within the manager's hierarchical network, partner access to structural holes provides competitive advantage. Whether a manager has direct access to structural holes as an insider, or indirect access as an outsider through the broker network borrowed from a partner, the manager enjoys competitive advantage to the extent that he or she has access to structural holes.

Codicil to the Broader Story
In one sense, this chapter is little more than an interesting codicil to the broader story about the network structure of social capital. Outsiders are typically a minority in a population, so they can be ignored in estimating average returns to network brokerage. As illustrated by the bold regression line in Figure 7.1, men in the top three senior manager ranks below vice president greatly outnumbered the women, so performance had the usual negative association with network constraint when estimated across senior managers. However as illustrated by the thin solid regression line in Figure 7.1, the returns to brokerage were more clear and more substantial in this organization when women were analyzed separately. In other words, network analysts have an incentive to run the network diagnostics to test for outsiders if only to remove outsiders so as to better see brokerage effects unobscured by the distortion of poor returns to outsider brokerage.

Essential Feature of Contemporary Business
In another sense, this chapter is essential to understanding contemporary business because global operations mean everyone is more exposed to people about whom they have held stereotypes. We are asked more often than ever before to collaborate with kinds of people we could have, and would have, avoided in the past. Whether you are on the inside working to facilitate the integration of outsiders
into the organization, or on the outside pitching to people who have trouble accepting ideas from people like you, the solution is affiliation with network brokers who can act as strategic partners. Strategic partners are defined by their network, not their job rank. Access to structural holes is correlated with job rank (people in higher job ranks tend to have more access), but it is not identical (there are senior people embedded in dense networks of interconnected colleagues). More, the network diagnostic goes beyond identifying broad categories of people deemed outsiders. Instead of distinguishing broad categories of people by attributes such as age, gender, or race, then treating everyone with the same attributes as equivalent, the analysis indicates the extent to which individual people are excluded from the benefits of network brokerage (Figure 7.2). Outsider status is keyed to the social situation of an individual, not to the individual's attributes. Anyone can be an outsider in their particular situation, including senior white males. Defining diversity at the level of individuals — all individuals, regardless of age, gender, race, or any other broad category — is a powerful shift in the analysis of diversity problems.9

The shift in perspective also highlights the dangers of living too long in the shadow of strategic partners. I concluded in Chapter 4 that emotional and cognitive skills are enhanced as a by-product of brokering connections across structural holes. The skills to be expected as a by-product of sponsored brokerage are more passive; learning how to fit into the partner's frame of mind, acting effectively on partner interests. With time, living in the shadow of partners can be expected to wither a person's ability to independently detect and develop new ideas. Under a big tree only mushrooms grow.

9It would not be unreasonable to say that the rigor with which diversity problems are addressed by the network diagnostics is also a powerful shift away from the anecdotes and convenience samples that so often guide diversity policy. At the same time, there is a vibrant industry of earnest people proposing practical ways to manage diversity so that firms can benefit from the full potential of employee collaborations. I have avoided practical issues in this chapter for two reasons: it would distract from my main purpose in the chapter, and I could not do justice to the breadth of work available on practical issues. On the first point, my purpose here is to show that returns to outsider affiliation with network brokers do not contradict my conclusion that secondhand brokerage offers negligible advantage to managers. That purpose can be met without discussing diversity policy. Moreover, a network process that explains behavior in multiple populations can require population-specific policy to manage the process in any one population. I cannot speak with the same authority about diversity policy in its variety as I can speak about network diagnostics for detecting diversity problems. Policy discussion I leave to clinical work elsewhere. Eagly and Carli (2007) offer broad review, with Roth (2007) a quick update on continuing issues on Wall Street. For quality discussion of contemporary views, I often rely on the non-profit organization, Catalyst (www.catalyst.org).
Beyond skill atrophy, there is a danger of sponsored outsiders coming to accept their second-class citizenship as deserved. I mentioned in Chapter 4 the learned helplessness that can result from prolonged dependence on a stronger person, citing Peterson, Maier and Seligman (1993). The phenomenon here is more specific and more subtle, resulting from differential exposure to gossip. A nice example is provided by Elias and Scotson (1965, especially Chap. 7). They describe gossip enforcing a status boundary between adjacent neighborhoods in an English suburb (also see Gluckman, 1963, on gossip used to maintain group exclusivity, and Fine, 1996, on "reputation entrepreneurs" who define a person's negative place in history by circulating derogatory stories uncontested by the person's supporters). The two neighborhoods, discussed as the "Village" and the "Estate," were similarly working class with respect to the usual socioeconomic metrics of occupation, education, and type of housing. Yet the Village was recognized in both neighborhoods as socially superior to the Estate. The Village had been established a generation before the Estate, and some families in the Village were second generation so they were "old families" relative to people in the Estate. Age was not the immediate explanation for the status order. The explanation lay in the social network that had developed with age (Elias and Scotson, 1965:94):

In the closely-knit neighborhood of the Village gossip flowed freely and richly through the gossip channels provided by the differentiated network of families and associations. In the loosely-knit and less highly organized neighborhood of the Estate the flow of gossip was on the whole more sluggish. Gossip circuits were shorter and often not linked to each other. Even neighbouring families quite often had no or only slender gossip links. There were more barriers to gossip communication.

Stories about people in the Estate — about their domestic abuse, excessive drink, lost jobs, unruly and wayward children — were a staple in Village gossip, reinforcing Village social cohesion with vivid illustration of Village superiority over people in the Estate. Elias and Scotson (1965:93) wrote of the Villagers:

. . .while supporting and praise-gossip played their part in the stream of gossip which never stopped running through the gossip channels in the Village, they were mixed with, and inseparable from, gossip items with the opposite emotional colour, with rejecting and blame-gossip. On a rough estimate the latter seemed to play a much larger part as ingredients of the gossip stream than the former. . . . Blame-gossip appealed more directly to the gossiper's
sense of their own righteousness. But it also provided the pleasure of being able to talk with others about things which were forbidden, which one should not do. . . . That one gossiped about it with others was proof of one’s own blamelessness. It reinforced the community of the righteous. The group blame meted out to those who had broken the rules had a strong integrating function. But it did not stand on its own. It kept alive and re-inforced already existing group links.

Curiously, Estate residents seemed unable to escape the stigmatizing effect of Village gossip (Elias and Scotson, 1965:101):

A good deal of what Villagers habitually said about Estate families was vastly exaggerated or untrue. The majority of Estate people did not have “low morals”; they did not constantly fight with each other, were not habitual “boozers” or unable to control their children. Why were they powerless to correct these misrepresentations? Why could they be put to shame if a Villager used in their presence a humiliating code word, symbol of their lower status such as “rat alley”? Why could they not shrug it off or retaliate with an equally massive flood of insinuations and distortions?

Elias and Scotson attribute Estate acceptance of their second-class citizenship to four factors: (a) Estate residents had continuing contact with Village residents, (b) were undeniably residents of the Estate by dint of where they lived, (c) shared the values of the Village in terms of which it would be shameful to behave in the manner described in the gossip about certain Estate people, and (d) were, because of their exclusion from the Village gossip network, more familiar with people in the Estate who fit the gossip stereotypes than they were familiar with Villagers who fit the stereotypes. As Elias and Scotson (1965:101-102) explain:

The majority of the Estate people could not retaliate because, to some extent, their own conscience was on the side of the detractors. They themselves agreed with the Village people that it was bad not to be able to control one’s children or to get drunk and noisy and violent. Even if none of these reproaches could be applied to themselves personally, they knew only too well that it did apply to some of their neighbors. They could be shamed by allusions to this bad behavior of their neighbors because by their living in the same neighborhood the blame, the bad name attached to it, according to the rules of affective thinking, was automatically applied to them too. In their case, as in so many others, blemishes observable in some members of a group were emotionally transferred to all members of the group. The rejecting gossip of the Village, all the open or whispered expressions of reproach and contempt leveled against the Estate people, had power over them, however decent and orderly they were in their own conduct, because part of themselves, their own conscience, agreed with the Villagers low opinion of
their neighbourhood. It was this silent agreement which paralysed their ability to retaliate and to assert themselves.

Translated into relations between insiders and outsiders, the four factors making an outsider prone to accepting second-class citizenship as deserved are: (a) continuing contact with insiders, (b) identification as an outsider by unambiguous attributes such as skin color, gender, age, credentials, or costume, (c) values similar to insiders about proper, admired, and detested behavior, and (d) more knowledge about fellow outsiders than about the population of insiders. The four factors should be familiar to anyone proud of their heritage who has spent time living as an outsider among insiders. The result can manifest as the "imposter syndrome" in which a successful person believes himself to be an imposter in the sense that he does not deserve the success he has achieved (e.g. Clance and Imes, 1978; Kets de Vries, 2005). This is a second danger of living too long in the shadow of strategic partners: one's confidence can wither in the face of derogatory insider gossip uncontested.

**Exception that Proves the Rule**

My goal for this chapter is less sophisticated than the above discussion. Outsiders are an exception that proves the secondhand-brokerage rule. The exception follows from the results in Chapters 3 and 4: If brokerage among friends of friends provides negligible value, why is there such tremendous advantage to outsiders from affiliation with network brokers?

Resolution begins by recognizing that the outsider advantage from affiliation with a network broker is not a vision advantage enhancing the outsider's emotional or cognitive skills. Strategic partners do not create advantage by affecting ego.

Resolution concludes by recognizing that partners create advantage by making ego more acceptable to insiders. The partner is a mutual contact — an element of network closure — that reassures insiders asked to trust the outsider. As evidence of closure inducing trust, the positive effect of strategic partners does not contradict the negligible returns to secondhand brokerage in Chapters 3 and 4. The positive effect is an instance of the trust and alignment returns to closed networks documented in Chapter 6.
Figure 7.1: Returns to Brokerage Often Not the Same for Everyone

(Graphs describe timing of promotion to three job ranks below vice president in a large electronics company.)

Above are the graph replicated within job ranks, showing in parentheses promotion correlation with log network constraint for men, then women.
Identifying kinds of people treated as outsiders:

(1) Rank order people by contribution to brokerage effect (e.g., $|\text{residuals}|$), then compute a subsample correlation for each person between residual performance and network constraint to get the graph to the lower left. Subsamples here contain each person plus 10 to the left and 10 to the right in the rank order on the horizontal axis.

(2) These residual-based correlations should be random. Outsiders are indicated by attributes linked with positive subsample correlations. Here, the distributions above the subsample graph show two attributes that mark outsiders (each letter represents a person). Women and entry-rank men are concentrated to the right in the graph, where network constraint increases performance (respective t-tests of 3.32 and 3.38). Race is not an outsider attribute in this organization (-.08 t-test). Men in the three more-senior ranks are concentrated to the left, where network constraint erodes performance (-5.65 t-test).

(3) Regress performance over size, density, and hierarchy to see if outsider performance increases with partnering.
Figure 7.3: Discovering Hierarchy
(Jane and Karen are identified in Figure 7.1. Only their contacts are included in these sociograms.)

Jane, promoted to senior manager 9 years early

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<thead>
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<th>Person</th>
<th>Network constraint</th>
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<tbody>
<tr>
<td>13.0</td>
<td>1. Prior boss of her boss</td>
<td>31.3</td>
</tr>
<tr>
<td>3.7</td>
<td>2. Jane’s boss</td>
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<tr>
<td>3.3</td>
<td>3. colleague</td>
<td></td>
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<tr>
<td>3.0</td>
<td>4. contact</td>
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<td>2.4</td>
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<td>2.0</td>
<td>8. contact</td>
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<tr>
<td>1.8</td>
<td>9. contact</td>
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Karen, promoted to senior manager 7 years late

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<td>2. colleague</td>
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<td>4.2</td>
<td>3. colleague</td>
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<td>3.6</td>
<td>4. colleague</td>
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<td>5.5</td>
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<td>2.8</td>
<td>9. colleague</td>
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Bold line is especially close relationship, dashed line is close, no line is distant relation or strangers.
Figure 7.4
The Situation Can Be Difficult To See

Kinds of Networks have Different Consequences for Kinds of Managers
($F = 3.77, 5-278$ d.f., $P < .01$)

- Broker network
- Closed dense network
- Closed hierarchical network

But Kinds of Networks Are Similarly Likely across Kinds of Managers
($\chi^2 = 0.15, 2$ d.f., $P = .93$)

And Kinds of Managers Are Similarly Likely to Claim They Have an Effective Network
($\chi^2 = 6.97, 5$ d.f., $P = .22$)

(and no association between early promotion and manager's belief that his or her network is effective; $1.63$ t-test, $P = .20$)

"Everything considered, my contact network is as effective as any at my level within the company."
Figure 7.5
Hierarchy Indicates a Partner, Which Can Be Strategic

Strategic Partner Introduces You to His or Her Contacts, which Can Connect You across Structural Holes

So You End Up with a Network that is Hierarchical in the sense that One Contact Poses More Constraint than the Others. Your partner is the source of constraint,

and the Resulting Hierarchical Structure around you Can Be Discussed as a “Partner” Network.

When a strategic partner sponsors your access to structural holes, it creates a hierarchy in your network.
Figure 7.6: Two Example Partner Networks

A. Paduka, Entrepreneur

<table>
<thead>
<tr>
<th>Constraint</th>
<th>Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.1</td>
<td>1. Partner</td>
</tr>
<tr>
<td>1.6</td>
<td>2. Customer</td>
</tr>
<tr>
<td>2.2</td>
<td>3. Supplier</td>
</tr>
<tr>
<td>5.3</td>
<td>4. Banker</td>
</tr>
<tr>
<td>2.9</td>
<td>5. Friend</td>
</tr>
<tr>
<td>2.1</td>
<td>6. Customer</td>
</tr>
<tr>
<td>1.6</td>
<td>7. Customer</td>
</tr>
<tr>
<td>1.6</td>
<td>8. Customer</td>
</tr>
<tr>
<td>2.8</td>
<td>9. Father-in-Law</td>
</tr>
</tbody>
</table>

network constraint = 37.0, network size = 9 contacts, network density = 33.3, network hierarchy = 20.0

B. George, Director of Strategy

<table>
<thead>
<tr>
<th>Constraint</th>
<th>Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.8</td>
<td>1. CEO</td>
</tr>
<tr>
<td>3.6</td>
<td>2. CEO Deputy</td>
</tr>
<tr>
<td>3.6</td>
<td>3. George’s Subordinate</td>
</tr>
<tr>
<td>3.6</td>
<td>4. George’s Subordinate</td>
</tr>
<tr>
<td>1.5</td>
<td>5. Division President</td>
</tr>
<tr>
<td>1.5</td>
<td>6. Division President</td>
</tr>
<tr>
<td>1.5</td>
<td>8. Division President</td>
</tr>
<tr>
<td>3.6</td>
<td>8. George’s Subordinate</td>
</tr>
<tr>
<td>1.5</td>
<td>9. Division President</td>
</tr>
</tbody>
</table>

network constraint = 38.4, network size = 9 contacts, network density = 38.9, network hierarchy = 20.0