

**ESCOLA BRASILEIRA DE ADMINISTRAÇÃO PÚBLICA E DE EMPRESAS –
EBAPE/FGV
MSc & PhD in Administration**

Course: Social Networks

Winter quarter, 2022 - 30 hours

Professor: Francisco Polidoro Junior

Classes on

June 27 (8am-noon)

June 28 (9am-noon)

June 29 (9am-noon)

June 30 (9am-noon)

July 1 (8am-noon)

July 4 (9am-noon)

July 5 (9am-noon)

July 6 (9am-noon)

July 7 (8am-noon)

SYLLABUS

INTRODUCTION

This course provides graduate (M.Sc. and Ph.D.) students with an overview of network perspectives used in management research. Broadly speaking, network research examines how the social structure of relationships around a person, group, or organization affects beliefs, behavior, and performance. Although this course focuses primarily on the influences that networks among business organizations exert on firm strategy, it also includes seminal studies that underline influences stemming from the structure of relationships surrounding a person or a group. Accordingly, this course should be of interest not only to students conducting strategy research but also to those who would like to apply network perspectives in other areas of the social sciences.

GOAL

An important goal of this seminar, besides exposing students to social network theory and empirical social network research, is to help them develop the skills they need to conduct high quality management research. Accordingly, this seminar encourages students to position themselves as active producers of research and not simply as passive readers of published papers. Students are thus required to apply what they learn in this seminar about both the science and the craft of producing research papers toward the development of a research idea of their own.

In support of this overarching goal, the course enables students to attain the following specific learning objectives:

1. Gain familiarity with key aspects of social network theory and critically evaluate core network arguments.
2. Understand lineage of key ideas and on-going debates in network research.
3. Obtain exposure to recent empirical strategy building on network perspectives.
4. Critically evaluate the links between theoretical arguments and the empirical methods with special attention to the research design used to test network-related arguments.
5. Reflect on how to apply network perspectives to advance own research.

TOPICS

1. Introduction: The social embeddedness of economic activity.
2. Network relationships: strong ties vs. weak ties.
3. Network prominence: centrality and status.
4. Network contagion: equivalence vs. cohesion.
5. Network brokerage: autonomy vs. closure.
6. Network dynamics.
7. Contemporary network research.

METHOD

The instructional method in this course emphasizes (a) in-depth discussion of network studies and (b) students' application of network insights to develop a research proposal.

Class Discussions

To ensure a lively and enriching debate, all students have to prepare all papers assigned to a session in advance of class and actively contribute to the discussion of each reading during class. Students are responsible for accessing the reading materials listed at the end of this syllabus.

The intensive nature of this seminar provides students with an excellent opportunity to enhance their abilities to efficiently engage with research papers, preserving breadth of understanding while making good choices about points that require in-depth inspection. Each student will submit a brief reaction memo in advance of each session by 6pm the day immediately preceding the respective session. In these brief reaction memos, students should integrate their understanding of the papers assigned to a particular session. Each of your memos should end with 2 or 3 questions that you would like to propose for discussion during class. This is an opportunity for you to hone your skills in conveying complex issues in succinct fashion. Each memo should not exceed 1 single-space typewritten page, using 1-inch margins all around and a 12-point font.

Further, students will take turns in leading the discussion of a particular paper during class. As a paper discussant, your job is (1) to prepare a summary (one or two pages) of the paper, covering the main points in the paper (see list below), and (2) orally present a brief overview (lasting no more than 10 minutes) that covers those points. Following the brief overview of a paper by the respective paper discussant, all students should contribute to expanding the discussion of that paper (including but not limited to the questions identified in the reaction memos) before the discussion moves on to the next reading. The discussion of a paper should focus on the following points:

- The theoretical tension that motivates the paper.
- The main theoretical propositions developed in the paper.
- Clear characterization of the causal mechanism underlying each proposition.
- The assumptions, especially as they relate to network concepts, underlying those propositions.
- The appropriateness of the empirical methods used, including relevant features of the empirical context, data sources, key study variables, and efforts to rule out alternative explanations.
- The main theoretical contributions of each paper.
- Implications for future research, including limitations or underdeveloped ideas that warrant further investigation.

Research Proposal

Significant learning occurs when students engage with research from the perspective of knowledge producers. However, the intensive nature of this seminar implies that students do not have time to develop a full-fledged manuscript comprising both conceptual development and empirical analysis. In balancing the intensive format with the need for students to practice the craft of developing research ideas, the instruction method requires

students to develop a research proposal. An important first step toward a viable high-quality research project is to integrate existing literature in a given domain and identify a theoretical tension that, if resolved, can expand or transform scholars' understanding in that domain. The research proposal provides students with an opportunity to practice precisely that. To help students develop a research proposal in a short period of time, the task has been broken down into the following steps:

- *Research proposal workshop.* After we discuss about half of the readings in the syllabus, we will have a session dedicated to discussing students' preliminary ideas for their research proposal. The main purpose of this exercise is to make sure that all students leave with a viable research idea to develop into their respective research proposal for this course. It is also a good opportunity for students to practice the craft involved in developing an idea before embarking on the writing of a manuscript. The expectation is NOT that students write a draft of the research proposal for this workshop. Instead, the requirement is that each student be prepared to deliver a short presentation (no more than 10 minutes) of the idea s/he has in mind for the research proposal. The template for the research proposal described under the point below identifies the different aspects of a study that we should think about when developing an insight or research idea into a concrete research project. In your short presentation you should hit as many of those notes as possible. But you should place special emphasis on identifying an important theoretical tension in a given research domain that you can address building on insights from network research. We will then collectively discuss each idea and provide feedback the student can build on to refine it.
- *Research proposal requirement.* The proposal to be submitted on the last day of class must contain no more than a total of 7 pages (single spaced paragraphs) and 4,000 words – 5 pages for the body of the proposal, including tables and figures, and up to 2 pages of references. The proposal MUST follow the following rules:
 - Abstract – proposal must contain a 125-word abstract.
 - Introduction – about 1 page:
 - First paragraph states the research domain and characterizes existing wisdom in that domain. The theoretical tension motivating the study is stated at the end of first paragraph.
 - Second paragraph explicates to readers the theoretical import of examining the aforementioned tension and transitions to the specific research question that the study examines in order to investigate that tension.
 - Third paragraph provides a conceptual justification for the theoretical framework that guides the study and succinctly previews key propositions that the study develops.
 - Fourth paragraph previews the key theoretical contribution it makes to the research domain that the first paragraph states. It also foreshadows key contributions to related literatures.
 - Theoretical background – 1-1.5 page. This section reviews only prior research that is relevant to more fully establishing the theoretical tension that the first paragraph characterized and/or to more fully discuss the theoretical framework guiding the study.
 - Theory development – 1.5-2 pages. This section fully develops a few testable hypotheses. The conceptual development of each prediction is firmly embedded in existing literature and explains with clarity the causal mechanism underlying each prediction. The hypotheses relate to each other to form a cohesive theory. For example, one hypothesis discusses a main effect and two additional hypotheses propose contingencies that further elucidate the causal mechanism underlying the main effect.
 - Data and methods – 0.5-1 page. Students are not accountable for gathering data and testing the hypotheses for the purpose of this assignment. But they need to outline the empirical approach and show that they can map theoretical constructs onto respective observable instantiations. In essence, this section describes the empirical context, the data sources, and key study variables used to operationalize and measure constructs. This section must also contain a discussion of alternative explanations that the analysis needs to account for. It acknowledges concerns with establishing causality and steps to be taken in order to mitigate those concerns.
 - Discussion – 0.5-1 page. This section provides further elaborations on the key theoretical

contributions that the introduction foreshadows. It also discusses a couple of new opportunities that this study opens for further research.

- *Research proposal presentations.* Research proposals are due at the start of the last session. During this session, each student will deliver a short presentation of her research proposal (no more than 12-minutes). Besides further developing skills about how to present research, students will also have the opportunity to practice critical reviewing and constructive feedback giving. The ultimate goal is that students will finish the seminar with a promising idea and rich feedback they can build upon to eventually materialize that idea into a full-fledged manuscript.

Important note: Reflecting the instructional method above, the evaluation of each student's performance in the seminar will be based on her/his contributions to class discussions (50%) and her/his research proposal (50%). Contributions to class discussions refer to the brief reaction memos submitted in advance of class, the quality of summaries that students prepare as paper discussants, and oral contributions to in-class discussions.

READINGS

Session 1 – Introduction: The Social Embedding of Economic Activity

Granovetter M. 1985. Economic action and social structure: The problem of embeddedness. *American Journal of Sociology*, 91(3): 481-510.

Dyer JH, Singh H. 1998. The relational view: Cooperative strategy and sources of interorganizational competitive advantage. *Academy of Management Review* 23:660-679.

Session 2 – Network Relationships: Strong vs. Weak Ties

Granovetter M. 1973. The strength of weak ties. *American Journal of Sociology*, 78(6): 1360-1380.

Larson A. 1992. Network dyads in entrepreneurial settings: A study of the governance of exchange relationships. *Administrative Science Quarterly*, 37: 76-104.

Uzzi B. 1997. Social structure and competition in interfirm networks: The paradox of embeddedness. *Administrative Science Quarterly*, 42: 35-67.

Rowley T, Behrens D, Krackhardt D. 2000. Redundant governance structures: An analysis of structural and relational embeddedness in the steel and semiconductor industries. *Strategic Management Journal*, 21:369-386.

Session 3 – Network Prominence: Centrality and Status

Podolny JM. 1994. Market uncertainty and the social character of economic exchange. *Administrative Science Quarterly* 39:458-483.

Stuart TE. 2000. Interorganizational alliances and the performance of firms: A study of growth and innovation rates in a high-technology industry. *Strategic Management Journal* 21:791-811.

Ozmel U, Reuer J, Gulati R. 2013. Signals across multiple networks: How venture capital and alliance networks affect interorganizational collaboration. *Academy of Management Journal*, 56(3): 852-866.

Reschke BP, Azoulay P, Stuart TE. 2018. Status spillovers: The effect of status-conferring prizes on the allocation of attention. *Administrative Science Quarterly*, 63(4): 819-847.

Session 4 – Network Contagion: Equivalence vs. Cohesion

Coleman J, Katz E, Menzel H. 1957. The diffusion of an innovation among physicians. *Sociometry* 20:253-270.

Burt RS. 1987. Social contagion and innovation: Cohesion versus structural equivalence. *American Journal of Sociology* 92:1287-1335.

Davis GF, Greve HR. 1997. Corporate elite networks and governance changes in the 1980s. *American Journal of Sociology* 103:1-37.

Reagans R, McEvily B. 2003. Network structure and knowledge transfer: The effects of cohesion and range. *Administrative Science Quarterly*, 48: 240-267.

Session 5 – Research Proposal Workshop (no assigned readings)

Session 6 – Network Brokerage: Autonomy vs. Closure

Coleman J. 1988. Social capital in the creation of human capital. *American Journal of Sociology*, 94: 95-120.

Burt R. 1992. The social structure of competition. In *Networks and Organizations: Structure, Form and Action* (eds. N. Nohria and R. Eccles). Boston, MA: Harvard Business School Press, pages 57-91.

Ahuja G. 2000. Collaboration networks, structural holes, and innovation: A longitudinal study. *Administrative Science Quarterly*, 45: 425-455.

Fleming L, Mingo S, Chen D. 2007. Collaborative brokerage, generative creativity, and creative success. *Administrative Science Quarterly*, 52: 443-475.

Session 7 – Network Dynamics

Madhavan R, Koka BR, Prescott JE. 1998. Networks in transition: How industry events (re)shape interfirm relationships. *Strategic Management Journal* 19: 439-459.

Gulati R, Gargiulo M. 1999. Where to interorganizational networks come from? *American Journal of Sociology*, 104(5): 1439-1493.

Ahuja G, Polidoro F, Mitchell W. 2009. Structural homophily or social asymmetry? The formation of alliances by poorly embedded firms. *Strategic Management Journal*, 30: 941-958.

Polidoro F, Ahuja G, Mitchell W. 2011. When the social structure overshadows competitive incentives: The effects of network embeddedness on joint venture dissolution. *Academy of Management Journal*, 54(1): 203-233.

Session 8 – Contemporary Network Research

Kuwabara, K., Hildebrand, C.A. & Zou, X., 2018. Lay theories of networking: How laypeople's beliefs about networks affect their attitudes toward and engagement in instrumental networking. *Academy of Management Review*, 43(1), pp.50-64.

Clough, D.R. and Piezunka, H., 2020. Tie dissolution in market networks: A theory of vicarious performance feedback. *Administrative Science Quarterly*, 65(4), pp.972-1017.

Ozmel, U., Yavuz, D., Trombley, T. & Gulati, R., 2020. Interfirm ties between ventures and limited partners of venture capital funds: Performance effects in financial markets. *Organization Science*, 31(3), pp.698-719.

Polidoro F. & Yang W. 2021. Corporate investment relationships and the search for innovations: An examination of startups' search shift toward incumbents. *Organization Science*, 32(4): 909-939.

Session 9 – Student Research Proposal Presentations (no assigned readings)