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Ronald S. Burt, ”Neighbor Networks. Competitive Advantage Local and Personal”. New York: Oxford University Press, 2010, xx + 389 pp.

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Book reviews

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Neighbor Networks is the latest milestone in Burt's extraordinarily consistent, coherent, and sound scientific path. His other must-reads are *Structural Holes. The Social Structure of Competition* [1992], where he analyzes the advantages of linking disconnected ties, and *Brokerage and Closure. An Introduction to Social Capital* [2005], where he analyzes advantages of dense connections and how trust, reputation and stability affect structural holes.

In this respect, *Neighbor Networks* epitomizes the theoretical and empirical achievements Burt has accomplished in recent years, starting from the questions left open in *Brokerage and Closure*. The book is mainly concerned with spillovers: how advantages spread from arm's-length networks (your "friends") into broader networks (the "neighbor networks" of the title, where one finds the "friends of friends," whom Burt also calls "secondhand"). The book's uses of the terms "local" and "neighbor" are somehow misleading for readers not so into this strand of literature: 'they have nothing to do with spatial dimensions, but measure relational distance within a network. Since from the examples include place-based networks and global networks, it would be anyway interesting to know whether there exists a spatial dimension of reputation, brokerage and closure, but the author is not interested at all in this argument.

Some of Burt's results have been published before [e.g., Burt 2007, "Secondhand Brokerage. Evidence on the Importance of Local Structure for Managers, Bankers and Analysts."], but here they are deployed with much more detail, including very rich appendices that make methodological assumptions and measurement details explicit and theoretically sounder, and thereby stress the underlying red line; i.e., the analysis of conditions to profit from networks. Appendices add much to the readers' understanding of the research line. However, in some cases the aim of not dragging "readers through the details of idiosyncratic measurement decisions" [p. vi] seems unsuccessful. Too often, academic readers need to move backward and forward through the book to understand what the author is trying to say.

The initial, intuitive hypothesis that is deployed in the introduction [Chapter 1] is that, yes, affiliation with well-connected neighbors is advantageous, though it has some cost. The way such a spillover works can provide theoretical insights on social capital formation: how does the balance between closures (bounded links) and brokerages (filling structural holes) work in producing advantages and risks? Is there a difference between direct (through friends) and indirect (through friends of friends) access to structural holes?

These points require an empirical rethinking, since network analysis usually focuses just on immediate networks. For this reason, chapter 2, besides summarizing main concepts, provides information on the research design, and includes the indirect network constraints of your "friends'" network's size and density.

Chapters 3 and 4 look for evidence of the hypothesis by studying two different kinds of networks: a large software company and the supply-chain management of an electronics company. Their divisions, strongly segmented by geographic reference areas and tasks, are examples of "balkanized" networks. Three networks in financial services (a human resources organization of a commercial bank, bankers, and analysts of a financial organization), with rather limited barriers between professionals and between areas, are examples of well-connected networks.

One limitation of the book is that all cases come from the enterprise world; therefore, the range of advantages and disadvantages that come from brokerage and closure is short. The author tries – quite successfully – to compensate with a rich analysis of literature.

Going back to the main argument, the five case studies show no evidence supporting the initial hypothesis: "there is no advantage in affiliating with colleagues rich in access to structural holes" [p. 102]. Or, better, there's a spurious correlation that depends on "attractive" personal characteristics.

Chapter 5 tries to challenge this result by analyzing macro-networks, where cognitive and emotional skills of individual brokers should be less visible. Research units here are not individuals within organizations, but rather organizations themselves, such as networks between supplier and customer industries. In general, results are consistent with those reported in previous chapters: network spillover is usually negligible. However, it can vary according to the type of linkages with partners and the type of information circulated; i.e., according to corporate cultures.

Since the analysis of secondhand brokerage spillover does not produce the expected results, following chapters elaborate on the complementary concept of closure spillover effects, since "in contrast to brokerage, closure does spill over into adjacent networks. The stability benefits of closing the network around collaborative relationships are enhanced when the broader networks around the collaborators are also closed" [p. 151]. So, the same networks are analyzed again [Chapter 6], showing that network closure operates mainly with new relationships, thus limiting the risks associated with less-known people through reputational mechanisms. What fails to work with brokerage works with closure: indirect closure compensates for (weak) direct closure and protects new relations from decay. This also means that closure is operated through control and forms of social monopoly.

Chapter 7 focuses on the effects of closure on those individuals in a potentially positive broker position that do not benefit from their situation. Some – with different characteristics in different networks (gender, age, nationality...), even though mainly "keyed to the social situation of an individual, not to the individual's attributes" [p. 215] – are outsiders that reputational mechanisms exclude from the advantages of brokerage, unless (exceptional to the findings in Chapters 3 to 5) they associate with an insider broker who legitimizes them.

Chapter 8 explores the implications of these findings, such as the important role agency can play in networks. This calls for a refocusing of network theory, which often analyzes only network structure. "People are not equal in benefiting from the opportunities provided by the network around them" [p. 222]. So, Burt starts building a theory that opens new questions, still to be answered in further research, regarding the relationship between preferences, motivation, feelings, and network structure. He sums his theory up in three hypotheses: 1) the *network fear hypothesis* (networks pressure individuals with the fear of losing contacts and reputation more than with the promise of gains); 2) the *intrepid broker hypothesis* (brokers in special positions are freer from fear and better able to evaluate new advantages); 3) the *network identity hypothesis* (“brokers are less guided by structural equivalence in identifying peers […] and are more likely to be guided by abstract images of social structure in which broker peers are more obvious,” p. 280).

This opens up new and complex research branches that require strong interdisciplinarity and research designs far from traditional network analysis. We will see if Burt’s subsequent works will be as consistent and sound as this one.

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