HARVESTING VALUE FROM BROKERAGE: INDIVIDUAL STRATEGIC ORIENTATION, STRUCTURAL HOLES, AND PERFORMANCE

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In this paper, we explore the mechanisms underpinning returns to brokerage positions by considering the role of individuals’ strategic orientation toward brokering. We conceptualize individuals’ strategic orientations in terms of arbitraging versus collaborating behaviors enacted when occupying a brokerage position. Leveraging a novel data set collected in a global consumer product company, we theorize and find evidence for the fact that arbitraging and collaborating orientations have differential effects on the relationship between brokerage and performance, significantly impacting on individuals’ ability to extract value from brokerage. We discuss the implications of these findings for the structural analysis of informal networks in organizations.

The role of brokers—individuals positioned in-between unconnected others—has been widely investigated by organizational and social network scholars interested in understanding how network advantages are distributed in social structures. Starting from triads of actors (Simmel, 1950), a rich research stream has focused on the importance of being at the center of an “open” triad (Gould & Fernandez, 1989; Granovetter, 1973) in order to benefit from the information, control, and referral advantages provided by access to otherwise disconnected nodes (Burt, 1992). However, the structural emphasis on positions in a network of relationships has obscured the mechanisms through which actors “harvest the value buried in structural holes” (Burt, 2004: 60). In particular, as recent theoretical and empirical contributions have aptly pointed out, there is a growing consensus that, while brokerage positions provide opportunities to individuals (Burt, 1997), their motivation, intent, and intensity of brokering can vary (Obstfeld, Borgatti, & Davis, 2014; Stovel & Shaw, 2012).

Indeed, while brokerage and brokerage analysis has been primarily preoccupied with the structural underpinnings of network advantages, a complementary view has recently emerged according to which brokerage may be not only a structural characteristic of individuals’ positions in the network, but also a set of behaviors through which individuals mobilize the resources accessed through ties and pursue the structural opportunities afforded by their network position (Bensaou, Galunic, & Jonczyk-Sédès, 2014; Kellogg, 2014). This paper contributes to this stream of research by considering not only brokerage as a structural property describing individuals’ position in the network, but also the strategic orientation toward brokering that allows these individuals to mobilize knowledge and informational resources when occupying a brokerage position.

We define the strategic orientation toward brokering as being either a tendency to arbitrage resources among one’s direct connections, or a tendency to collaborate, creating opportunities to cooperate and integrate resources owned by direct connections. We call the first case an “arbitrating” broker, to indicate a tendency to exploit informational asymmetries offered by the broker’s structural position.

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amid disconnected others. We call the second case a “collaborating” broker, to indicate a tendency to link disconnected others in a manner that favors open and complete information sharing among all parties involved. An arbitraging orientation doesn’t necessarily require that disconnected alters be unaware of one another; they may simply be focused on their task, without any mutual adjustment or direct coordination. In fact, an arbitraging broker is capable of recombining alters’ knowledge resources in ways that directly benefit from alters being disconnected. Conversely, a broker with a collaborating orientation plays a connecting role between alters, actively and openly sharing information across structural hole(s) in her network, transparently crediting others’ ideas, and making efforts to promote coordination and mutual adjustment among network members.

The idea of looking at “how brokers broker” (Quintane & Carnabuci, 2016) draws on a rich debate that distinguishes between actors’ strategies to leverage the persistence of disconnections and informational gaps among unconnected others from strategies that favor enlistment and connection of individuals, seeking knowledge integration and coordination among the unconnected others. While both tendencies might favor a broker in the position of a third party among disconnected others (Bensaou et al., 2014; Kellogg, 2014), in this paper, we develop and test a theory showing the impact of different strategic orientations on the relationship between brokerage and performance. Our explicit focus on individuals’ performance contributes to the nascent stream of research on networking behaviors by identifying strategic orientation as one reason why “there is wide variance in the extent to which individuals benefit from bridging structural holes” (Burt, 2012: 587).

Our efforts to theoretically distinguish individuals’ structural position from their strategic orientation begins by acknowledging that social structures and individuals’ networking behaviors aren’t necessarily isomorphic (Brass & Burkhardt, 1993). Network structures are an outcome of interdependent actions by multiple agents, such that the motivations, strategies, and behavioral orientation of a single focal actor cannot fully account for the shape of the network structure in which that actor is embedded.

Distinguishing between social structure and an individual’s orientation toward brokering is also important because “networks lay out the space of social action” (White, 2008: 8). Within that space, we observe variations in the strategies and actions of individuals to mobilize the resources available in their network. Thus, we attempt to enhance scholarly understanding of network advantages by developing a theory of network structure and strategic orientation alignment (or lack thereof), and by showing the different performance effects of an arbitraging versus a collaborating orientation.

We test our theory using a unique data set consisting of network data and the strategic orientation toward brokering of the individuals working in the human resources (HR) function of a large, global, consumer product organization. Findings reveal that, while there is a positive main effect of brokerage on performance, this main effect is significantly moderated by individuals’ strategic orientation toward brokering. An orientation that favors uniting, enlisting, and connecting unconnected individuals (i.e., a collaborating strategic orientation) significantly decreases the positive impact of brokerage on performance compared to an orientation that favors maintaining disconnections among others (i.e., an arbitraging strategic orientation).

**THEORY DEVELOPMENT**

One of the main tenets of organizational network research is that an actor’s position in the overall network structure critically matters for their performance (Gargiulo, Ertug, & Galunic, 2009; Tortoriello & Krackhardt, 2010; Uzzi, 1996). In particular, a dominant perspective in the field of network studies has identified a brokerage position as providing benefits and performance advantages to individuals spanning holes in the social structure (Burt, 1992, 2000, 2004). While this positive association is well established across a variety of empirical settings, less is known about what drives variation in returns to brokerage. For instance, plots showing the traditional negative relationship between network constraint (as the opposite of brokerage) and performance (e.g., Burt, 2012: 547) also show how widely this relationship varies across different actors occupying comparable structural positions. Put differently, holding constant the extent to which two

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1 In the rest of the paper, we refer to “brokerage” to indicate its traditional structural interpretation (Burt, 1992, 2007) and to “brokering strategic orientation” (or a “strategic orientation toward brokering”) to indicate the tendency of individuals to adopt an arbitraging or collaborating strategy with their direct contacts.
actors occupy comparable brokerage positions in their respective networks, there is still notable variation in the extent to which those positions yield performance advantages.

Over time, research has identified a broad set of nonstructural contingencies that moderate the relationship between brokerage and performance, including job rank or number of peers (Burt, 1997; Podolny & Baron, 1997), the type of knowledge available to individuals (Mors, 2010; Reagans & McEvily, 2003; Tortoriello, 2015), past professional experiences (Fleming, Mingo, & Chen, 2007), national and organizational culture (Xiao & Tsui, 2007), network context and objectives (Ahuja, 2000; Soda & Zaheer, 2012), time (Baum, McEvily, & Rowley, 2012; Soda, Usai, & Zaheer, 2004; Zaheer & Soda, 2009), cognitive styles (Carnabuci & Diószegi, 2015), and individual psychological traits (Mehra, Kilduff, & Brass, 2012). Nevertheless, most of these contingencies and their effects on performance still reflect a purely structural logic, according to which both the main effect (i.e., network position) and any moderators (e.g., job rank, knowledge, psychological traits, etc.) cannot credibly explain variation in individuals’ networking actions when those individuals occupy the same structural position. In particular, contingent factors investigated by the previous literature do not account for how individuals act while mobilizing the resources accessed through their network ties. Yet, as observed by Burt (2012: 587), “There is wide variance in the extent to which individuals benefit from bridging structural holes. Some benefit a great deal. Others benefit not at all.”

We argue that one explanation of these unequal returns can be found in the fact that individuals might be animated by different motives, beliefs, and values when it comes to networking, which translate into different strategic approaches to brokerage. In particular, individuals facing the same set of opportunities offered by structurally similar positions might decide to behave differently, and this behavioral variation could determine variation in the extent to which they extract rents from their network position.

STRUCTURAL POSITIONS AND STRATEGIC ORIENTATIONS

One possible way to qualify the variation observed in returns to brokerage could be to consider, along with brokerage as a structural property of an individual’s network, the extent to which individuals act like arbitraging brokers or collaborating brokers. For instance, a broker can actively try to take advantage of the opportunities offered by disconnects in her network in terms of vision, information, and control, and to exploit gaps among connections by arbitraging the flow of resources across those gaps. Conversely, she can try to bring her contacts together and thereby close the informational gaps among them, endeavoring to generate collaborative behaviors that integrate diverse contributions (Stovel & Shaw, 2012).

These two poles or “dualities” of brokering behaviors are not new to the field. What we refer to as an arbitraging broker indicates the conventional, often assumed behavior of a broker as a network entrepreneur who, by being active in different social circles, benefits from unique access to diverse sources of knowledge and information (Burt, 1992). A similar idea is what Kellogg (2014: 4) has defined as the “buffering” practices of a broker who “bridge[s] different groups with disparate expertise, meanings, and status.” What we refer to as a collaborating broker is a broker who, instead of leveraging informational gaps and asymmetries in her network to her own advantage, strives to connect her contacts to induce cooperation and promote mutual adjustment among them. Obstfeld (2005), for instance, referred to this type of brokering by labeling the corresponding orientation tertius iungens (or “third who joins”). Recently, Spiro and colleagues proposed a dynamic view of this type of brokering orientation named a “matchmaking brokerage,” in which “ego introduces or otherwise makes possible a tie from one alter to another” (Spiro, Acton, & Butts, 2013: 131). Relatedly, Kellogg (2014: 915) conceptualized cooperating as a “connecting practice” of brokers aimed at transferring, translating, and transforming knowledge. From these foundations, we aim to understand how differences in behavioral orientations might explain variation in the extent to which brokerage positions predict individuals’ performance.

The fact that network research has so far overlooked the possibility that individuals occupying the same brokerage positions might have different strategic orientations toward brokering, and that these orientations might play a moderating role in the relationship between structure and performance, is a legacy of the “historical dominance” of the structural approach to brokerage. The dominant assumption of this stream of research has been that, when spanning a hole (or disconnect) in the social structure, a typical strategic broker would leverage the vision and control benefits of her position to reap advantages from others’ lack of connection.
However, some individuals might choose not to act as an arbitraging broker even when given the opportunity—doing nothing to leverage a disconnection they span (Obstfeld et al., 2014). It follows that automatically inferring behavioral orientations from structural positions may obscure the mechanisms through which network benefits and advantages accrue to individuals (Obstfeld et al., 2014).

We expand on these insights by focusing on the potential for an alignment (or misalignment) between brokerage and a strategic orientation toward brokering. In particular, we ask if a broker is better off when she acts as a collaborating broker or as an arbitraging broker. Our theory suggests that pairing a brokerage position with an arbitraging orientation will be more beneficial for individuals’ performances, whereas a brokerage position paired with a collaborating orientation will be less advantageous. Based on this logic, we refer to a brokerage–arbitraging pairing as benefiting from an “alignment” between structural position and strategic orientation, and a brokerage–collaborating pairing as suffering from a lack of alignment between the same components.

**ALIGNMENT (MISALIGNMENT) BETWEEN BROKERAGE AND INDIVIDUAL STRATEGIC ORIENTATION**

Making a distinction between the strictly structural patterns of interaction traditionally associated with brokerage and how a broker brokers (arbitraging or collaborating) is necessary to advance our understanding of network advantages (Salancik, 1995). In organizational contexts, the characteristics of an individual’s network do not necessarily reflect that individual’s strategic orientation. It is certainly reasonable to hypothesize that individuals with an arbitraging orientation could try to shape their social space to maintain disconnects among their contacts; at the same time, individuals who prefer a collaborating strategic orientation could try to shape their social space to promote network closure. However, beyond individuals’ preferences and orientations, organizational networks are complex configurations that emerge from the interdependencies of several factors only partially under the direct control of ego (Brass & Burkhardt, 1993). Building on these premises, we expect network structures to emerge from the complex interplays of several factors that include individuals’ orientations and actions, but are not limited to them. Our research focus is on how brokers displaying different strategic orientations (toward arbitraging or toward collaborating) benefit differently from the opportunities and advantages a brokerage position provides.

**Alignment: Brokerage and an Arbitraging Strategic Orientation**

Rather than assuming the primacy of networking strategies over structural opportunities (or vice versa), our theory is premised on the importance of an alignment between the two. Our approach is consistent with Burt’s (1992: 79) assertion that certain entrepreneurial behaviors are more likely to yield brokerage advantages: “When you take the opportunity to be the tertius [gaudens], you are an entrepreneur . . . a person who generates profits from being between others.” Indeed, our argument is that brokerage opportunities can be more effectively leveraged by (and hence afford greater benefits to) individuals whose strategic orientation is aligned with the mechanisms underpinning the theory of brokerage. Below, we focus on two such mechanisms proposed as explanations for the relationship between brokerage and performance: vision and control.

From a structural perspective, one of the main advantages that brokerage offers to actors is a vision of opportunities, knowledge, and information that would otherwise remain unseen. In fact, irrespective of strategic orientation, positions that offer preferential access to others’ resources increase the broker’s probability of deriving individual benefits. Moreover, the benefits a broker derives from a vision advantage can be amplified by a consistent arbitraging orientation. Arbitraging brokers are more likely to strive to access, control, and use others’ knowledge and information in a proprietary fashion. In this way, they tend to maximize the acquisition of relevant knowledge and information accessed through their network of contacts, avoid sharing this knowledge and information with others, and try to directly benefit from their integration. This orientation is exemplified by technology brokers: actors who actively seek out diverse knowledge bases (e.g., leveraging ties spanning across multiple disconnected industries and markets), which are then recombined and integrated into new solutions and innovations (Hargadon, 2003). In our research context (the HR function of a large global company), one illustration of actively seeking out diverse sources of knowledge, to then recombine and integrate them into something new, comes from the manager appointed to implement new company-wide
“welfare solutions.” Company welfare solutions are the supplementary social benefits and social services a company provides to workers in addition to their salary. The manager in charge of this task shared the following comment:

For the contract renewal, the goal I had was to deliver to employees an innovative supplementary package consisting of services and benefits for an overall market value of about 10 million Euros. . . . The CEO wanted something really innovative and appealing for our employees. The simple rule I adopted to accomplish this task was to start talking with colleagues located in different parts of the organization. Thus, I got in touch and chatted extensively with my colleagues from Australia to China, Russia, the USA, and Brazil, asking a simple question: What kind of benefits would you offer? I was the center of conversation and, at the end, on my desk I had dozens of ideas and suggestions. . . . My strategy was similar to solving a puzzle in which you don’t have the pieces. By collecting individually all the pieces from my colleagues, I was the only one having a 360° view of the problem. In 2013, not only did I win the company innovation award for the new welfare package I introduced, but [the new welfare package] also got massive newspaper coverage for the company.

As illustrated by this quote, an arbitraging broker orientation enhances the inherent vision benefits of brokerage as actors strive to access a wide variety of information, and to recombine and integrate diverse sources of knowledge, in order to accomplish their tasks.

Another important advantage traditionally associated with brokerage positions is control. Individuals spanning holes between disconnected others can benefit from the “tension” associated with this disconnect. Primarily, a broker, by virtue of her position, can choose among different options when the content of the relationships with the brokered parties is identical. For instance, an individual with multiple job offers, or a buyer selecting among different sellers, can pick and choose the most convenient option. Second, even when the content of the relationship between a broker and her connections is different, a broker can enjoy control benefits by acting as an intermediary between different parties. Brokered parties lacking direct access to one another would come to depend on the broker as the intermediary of their relationship, allowing the broker to create and capture value by acting as the link between the parties involved (Fernandez-Mateo, 2007).

In addition, brokers enjoy a structural source of power when their position gives them influence over other organizational members. As Pfeffer (1992: 76) argued, “Authority and responsibility are vested in positions and one’s ability to broker is affected significantly by where one sits in the structure of interactions.” To illustrate this point, Pfeffer used the example of how purchasing agents standing between engineering and production scheduling, marketing, and outside vendors rely on their rules and procedures to exercise power over departments and divisions that might have a higher formal status and authority in the organization.

To fully exploit these structural sources of power, brokers with an arbitraging strategic orientation can actively manage disconnects that exist among their network of contacts. Padgett and Ansell (1993), in their historical account of the rise of the Medici family during the Renaissance in Italy, identified the “robust action” of the family as a key reason for their success. They took advantage of their position at the center of the hub-and-spoke system connecting them to most other Florentine families to frame the same issue in different ways to different audiences (multivocality), without publicly advocating any specific goal or objective. Applying Machiavelli’s principle of divide et impera (divide and conquer), this power system allowed the Medici to successfully navigate the political landscape of Florence and exploit the lack of communication among the other families by playing “conflicting demands and preferences against one another [to build] value from their disunion,” while at the same time “displaying different beliefs and identities to each contact” (Burt, 2000: 354).

To summarize, we expect that actions consistent with an arbitraging strategic orientation would allow individuals to actively exploit informational and control opportunities offered by brokerage positions, thus reinforcing the positive relationship between brokerage and performance.

Misalignment: Brokerage and a Collaborating Strategic Orientation

There are also individuals whose orientation toward brokering does not necessarily align with the prescriptions of traditional structural analysis. In particular, there are those who occupy a brokerage position without behaving like arbitraging brokers—individuals who, instead, exhibit a tendency “toward connecting people in one’s social network by either introducing disconnected individuals or facilitating new coordination between connected individuals” (Obstfeld, 2005: 102; see also Kellogg,
2014). These individuals act in a way that might reduce, rather than enhance, their ability to achieve the benefits traditionally associated with brokerage. That is, they act as collaborating rather than arbitraging brokers.\(^2\)

What happens when individuals occupying a structural position of brokerage do not act as arbitraging brokers, and instead act to unite, integrate, and bring together the contributions of their contacts? Are they better off or worse off in terms of their individual performance? We argue that a collaborating strategic orientation is “misaligned” with occupying a brokerage position—that is, it will weaken the positive performance effect traditionally associated with brokerage positions.

The knowledge opportunities available to a broker through the distribution of her network ties should, in principle, motivate that broker to maintain bridging ties (Lingo & O’Mahony, 2010). A long research tradition shows that, indeed, these opportunities beget performance advantages (Burt, 2004). However, as structure does not necessarily predict behavior (Obstfeld et al., 2014), individuals in a brokerage position might still decide to unite and collaborate with their contacts, de facto trying to transform structural disconnections among other individuals in their network (i.e., their alters) into a more balanced and symmetric network context, and, in the process, reshaping the broker’s opportunities for arbitrage. For instance, when alters are structurally disconnected, it might be hard for the broker to mobilize and leverage the knowledge distributed across alters, as can be done in a tightly coupled and cohesive network (Harryson, Dukkowski, & Stern, 2008). If the knowledge that alters provide is too diverse (Mors, 2010), there might be incentives for the broker to integrate those contributions to facilitate knowledge recombination (Obstfeld, 2005). When this happens, however, it is not obvious that the broker could still directly benefit from the diversity of knowledge and opportunities her brokerage position gave her vision over. Rather, a broker who spreads information among alters ceases to have the unique vision advantages that would otherwise be the broker’s prerogative. In this case, the broker’s performance benefits might quickly become diluted. Collaborating strategies enacted by a broker tend to redistribute informational advantages among a brokers’ direct connections, and this might introduce obstacles to individuals’ ability to unilaterally benefit from their position of being a broker among disconnected others.

In our research context, the following anecdote offers an interesting case of how a broker’s collaborating approach led to negative performance consequences for the broker. A direct report to the company’s HR chief was appointed to propose a new “competence mapping system” for two main and distinct functional areas: supply chain and ICT (information and communication technology). During a preliminary interview,\(^3\) he related the following account:

As the person with formal responsibility for this task, I have started the project meeting with my HR colleagues, clarifying goals, sharing ideas and the way to proceed. I spent hours codifying and transcribing the interviews I personally conducted with the functional managers of ICT and Supply Chain, and I then made them available in a repository on the intranet I personally created and shared with my colleagues. In the end, during the presentation of the new competence mapping system to the steering committee, it emerged that I played only “an ancillary role” in this task and no specific merits were attributed to me. The icing on the cake was when, after the presentation, my boss came to me and told me: “My expectation was that you should have been the leading player in this initiative, not just one of many who took part in it.” I know that I’ve paid a price for this.

Similar to what happens with vision advantages, a collaborating strategic orientation could reduce a broker’s control advantages. In fact, while potentially useful information might still accrue to the collaborating broker—for instance, because of her structural position, she might learn about

\(^2\) A full discussion of why individuals embrace one of these orientations rather than the other, although important, is beyond the scope of this paper. Still, one can think of several reasons for it. For instance, actors may differ in terms of their short-term (or long-term) objectives, or they might be interested in pursuing more individualistic (collectivistic) goals, or they might have different perceptions of the risks (benefits) involved in implementing a particular strategy. They might also be operating in an organizational context in which one orientation “works better” than the other. Whatever the root causes might be, our stance here is that, while network structure might encourage the emergence of certain patterns of behavior, it does not guarantee them.

\(^3\) The two managers providing the first and second quote are both brokers in structural terms (top decile in the distribution of our brokerage measure) although they clearly have different strategic orientations toward brokering.
opportunities before others can—the control benefits might be reduced dramatically by actions aimed at closing gaps among individuals. As persuasively put by Burt (1992: 79): “Information benefits of structural holes might come to a passive player, but control benefits require an active hand in the distribution of information.” Thus, if this “active hand” goes in the direction of socializing informational advantages and inhibiting individualistic strategies, the control benefit a broker is presumed to enjoy over otherwise disconnected nodes could vanish. Indeed, a collaborating strategic orientation implies actions that are diametrically opposite to those that beget the power and arbitrage benefits of brokers. As a result, whenever a broker decides to implement collaborating strategies, a misalignment is introduced between that broker’s structural opportunity and her individual behavior. This misalignment will severely reduce the structural rents provided by brokerage, while, at the same time, increasing the costs of coordination and collaboration among otherwise disconnected others. In particular, brokers enacting collaborating strategies will see their vision advantages seriously reduced, and their control advantages de facto nullified, by refusing to play their direct contacts against one another.

Furthermore, the collaborating broker might end up assuming the burden of coordination costs across open triads without then enjoying the greater trust and fine-grained knowledge benefits of closure a tight network provides. Indeed, while a broker might strive to bring her contacts together in a way that forges cooperation and shared relationships among all parties, whether or not the previously disconnected parties would agree to join forces and begin a stable form of collaboration remains an empirical question. Put differently, it cannot be ruled out that, in spite of the collaborating orientation of the broker and her efforts to bring disconnected parties together, her network might nevertheless remain open. This paradoxical situation—brokerage without its typical advantages, and with the addition of coordination costs—is a form of misalignment that will likely hurt the individual performance of the collaborating broker.

Summing up, we expect that collaborating brokers are less oriented toward creating or maintaining other’s dependencies through information control and arbitrage, and they are also less inclined to extract personal profits from the knowledge they access by virtue of their structural position. By the same token, we also expect that actions consistent with an arbitraging strategic orientation would allow individuals to actively exploit informational and control opportunities offered by brokerage positions, thus reinforcing the positive relationship between brokerage and performance compared to individuals who forgo exploiting structural asymmetries. As a consequence of the reasoning regarding the effects of brokering orientations on the relationship between brokerage and performance, we hypothesize the following:

Hypothesis 1. The positive relationship between brokerage and performance is contingent upon individuals’ strategic orientations toward brokering. In particular, brokers with an arbitraging strategic orientation are expected to perform better than brokers with a collaborating strategic orientation.

METHODOLOGY, ANALYSIS, AND RESULTS

Research Site

We conducted our network survey in the HR function of a large, vertically integrated, global consumer product company. The company, which has annual net sales of more than $7 billion, is considered the leader in its market. Starting in the early 1960s as a small third-party company producing frame components, it has rapidly grown through an ambitious acquisition strategy that allowed it to become a top player in its industry in a relatively short period of time. It has been profitable for a number of years and currently it is listed on two financial markets. At the time of data collection, the HR function was organized into 12 distinct areas of activity and employed more than 400 individuals, 73% of whom were women, scattered across five continents. Specifically, the geographical distribution of employees was as follows: 26% in Europe, 43% in North America, 20% in Asia (19% in the Asia Pacific region and 1% in the Far East region), 10% in Latin America, and 1% in Africa. In terms of age, 52% of respondents indicated they were born between 1946 and 1965; 32% were born between 1966 and 1976; and 16% were born between 1977 and 1994. This research site was well suited for studying the returns to brokerage. Indeed, with diverse areas of expertise and different geographically distinct units, brokerage was expected to be found to yield important vision and control advantages.

Data

Network data were collected online using a free choice, aided name generator; that is, we asked respondents to fill in a bar with the names of people to
whom they turned for advice on work-related issues. As the respondents started typing the first letters of their contacts’ name or surname, the online survey tool suggested the names of HR employees matching the letters inserted, easing the task of selecting the list of alters.

We captured strategic orientations toward brokering using a scenario-based visual scale (Mehra et al., 2014). The survey was pretested with a pilot study involving a limited number of people from the upper-level management team. Given the complexity of the data collection process originating from the geographic dispersion of the HR employees, we took several steps to ensure a good response rate for the survey. Specifically, in order to avoid respondents’ privacy concerns, the survey was sent out from a university address and hosted on a third-party, online platform. The survey package included a personalized invitation e-mail and a cover letter from the HR chief introducing the study and advising the respondent that results would be anonymous. Furthermore, we conducted multiple follow-ups with nonrespondents. The survey yielded a response rate of about 83%, with 381 completed surveys out of 460 potential participants. The maximum number of names recalled was 35 (M = 4.12, SD = 3.96). In addition to this network data, we obtained demographic data about respondents from the company’s archive. In particular, we enriched the survey data set with information on years of experience, scope of the role, geographic region, unit, HR area, and performance evaluations.

Despite the high response rate, we examined our survey data for the risk of nonresponse bias. First, we ran a t test considering demographic variables (age, education, tenure, job rank, organization) for respondents versus nonrespondents, and observed no discernible differences. Second, we conducted a wave analysis comparing the same variables for early (first-week) versus late (fourth-week) respondents (Rogelberg & Stanton, 2007). The assumption is that the group of late respondents will be more similar to the nonresponding group than to the group of early respondents. An analysis of variance of the difference in means for the two groups for the demographic variables showed that the hypothesis of differences in means could all be rejected.

**Measures**

**Dependent variable: Individuals’ performance evaluations.** Throughout the years, the company has devised a thorough management-by-objects evaluation process based on a set of key performance indicators used to evaluate each employee’s performance. The basis for the performance evaluation is primarily the individual’s contributions and does not formally refer to team or collective performance aspects. More specifically, supervisors’ performance evaluation focuses on the following elements: task accomplishments, ability to generate novel solutions, and contribution to the improvements and innovation of HR practices, preferably with global impact. The evaluation process is conducted annually and we obtained the performance assessment for all study participants directly from the company. According to these data, 5% of the employees were evaluated as below average (low performance), 70% as average (good performance), and 25% as above average (outstanding performance).4

**Explanatory variables: Brokerage.** We measured brokerage using Burt’s (1992) measure of effective size. Conceptually, effective size measures the amount of nonredundancy in an actor’s network, and it is given by the number of people a focal actor is connected to, minus the redundancy in that actor’s network. Formally:

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\text{Effective size for ego} = \sum_j \left[ 1 - \sum_q p_{iq} m_{jq} \right]
\]

This measure considers all the j contacts that actor i has, and the amount of redundancy defined in i’s network (q being every third person other than i or j in i’s ego network) as a function of the relationships among all alters in i’s network. The quantity \( p_{iq} m_{jq} \) captures the level of redundancy between i and a particular alter, j. The term \( p_{iq} \) is the proportion of actor i’s relations that are spent with alter q, and \( m_{jq} \) is the marginal strength of contact j’s relation with common-third-party q (basically, j’s interaction with q divided by j’s strongest interaction with any other third party). The sum of the product \( p_{iq} m_{jq} \) measures the portion of i’s relation with j that is redundant to i’s relation with other direct connections. Individuals with high effective size scores tend to be connected to mostly nonredundant alters, while individuals with low scores on this measure tend to be connected to alters who are themselves connected (i.e., who are redundant contacts for the focal actor j).

**Strategic orientations toward brokering.** In order to operationalize individuals’ strategic orientation toward brokering, we used a scenario-based

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4 We obtained performance evaluation for 356 individuals in our sample.
visual scale. In particular, we first had all respondents read a short story to expose them to the same situation (Cavanagh & Fritzschke, 1985). The story described a simple scenario in which, to accomplish an important organizational task, respondents needed specific knowledge and expertise from two contacts who were not in touch with one another. The actual text was:

Consider the situation in which you have been appointed to accomplish an important organizational task. This task requires specific knowledge that you don’t have, but two of your contacts (let’s call them Mike and Jenny) do have. Mike and Jenny do not know each other, or, if they do, they don’t usually work together; however, thanks to your credibility, you are in a position to ask Mike and Jenny for help, and access their knowledge and expertise.

Although we were primarily interested in the distinction between collaborating and arbitraging strategic orientations, following Obstfeld et al.’s (2014: 142) categorization of brokering actions, we presented respondents with three distinct options. Option A described a strategic orientation toward “uniting” or bringing together the two contacts who would otherwise remain disconnected (collaborating orientation); Option B described a strategic orientation toward “exploiting” or unilaterally taking advantage of the disconnect between the two knowledge sources (arbitraging orientation); and Option C described a strategic orientation toward openly relaying information to the disconnected parties, which is akin to what Obstfeld and colleagues (2014: 141) called a “conduit brokering orientation.” These three options were graphically captured on a visual scale, shown in Figure 1. We then asked respondents the following question: “Broadly speaking, how would you act in order to accomplish your task? Please use 1, 2, and 3 to rank your preferences (1 = most preferred, 3 = least preferred) in respect of the three options below.”

A short story such as this one is useful to use to succinctly describe a situation that would otherwise require a complex and possibly hard-to-understand explanation, and it is also useful for dealing with sensitive topics that might result in social desirability biases (Finch, 1987). Describing a strategic orientation toward brokering graphically can further help respondents to visualize and compare different strategic options, allowing them to reveal a preference among networking styles that would be hard to capture otherwise.

To assess individuals’ strategic orientation toward brokering, we took into account the ordering of the

![FIGURE 1](image_url)
preferences for the proposed scenarios, considering the first choices of respondents (i.e., the scenario ranked as “1” by each respondent). This approach yielded the following distribution: collaborating was indicated as the preferred strategic orientation 85% of the time; arbitraging was preferred 11.5% of the time; and the conduit orientation was preferred only 3.5% of the time. The rank ordering of preferences was chosen in a way not to force respondents to select one strategic orientation while ignoring the others, but to provide a relative assessment of individuals’ preferences toward different strategic orientations. A close look at the distribution of individual preferences across these three options provided face validity to this measurement strategy. For instance, in 90% of the cases in which respondents indicated their most preferred option was a collaborating strategic orientation, they also indicated that the arbitraging orientation was their least preferred option. Similarly, in 93% of the cases in which respondents indicated their most preferred option was an arbitraging strategic orientation, they also indicated a collaborating orientation was their least preferred option. Put differently, these two brokering orientations tended to be seen by respondents in our sample as the opposite ends of a continuum. This intuition was confirmed by the results of a dependency test considering the distribution of most-preferred/least-preferred options, for which the \( \chi^2 \) statistic was equal to 314.68, which is highly significant \( (p < .001) \).

Given this distribution of preferences, we initially created one dummy variable called strategic brokering orientation coded as 1 if arbitraging brokering orientation was the first choice and 0 if collaborating brokering orientation was the first choice. Also, in order to consider the 12 observations for which conduit orientation was indicated as preferred by respondents, we redistributed these values to either arbitraging or collaborating based on the second pick indicated by respondents.\(^5\) This variable was used as a moderator in the relationship between brokerage and performance.

To refine our findings, we also investigated the separate effects of arbitraging versus collaborating strategic orientation in different models. We accomplished that by creating two dummy variables to identify individuals’ strategic orientation as preponderantly collaborating (1 if collaborating was first choice and 0 otherwise) or preponderantly arbitraging (1 if arbitraging was first choice and 0 otherwise). This approach was made possible by considering the conduit brokering orientation as a reference or excluded category.\(^6\) We also used these variables as moderators in the relationship between brokerage and performance.

**Control variables.** To establish the validity of our findings over and above possible alternative explanations, we used several control variables in our statistical analysis. These variables were selected to account for additional factors that could have impacted individuals’ performance evaluation. A first set of controls took into account the organizational and work context. Specifically, we controlled for an individual’s job rank, expressed in terms of rank distance from CEO position (i.e., lower scores meaning fewer steps away from the top, meaning higher job ranks); level of education, expressed in terms of the highest degree obtained (ranging from bachelor’s degree to PhD degree); and professional experience, expressed in terms of years of tenure at the company. Consistent with previous research in this area, we considered these variables as proxies for individual skills and ability. In addition, we considered geographical and business specificities by including regional dummy variables indicating the office where the individual worked (Africa—used as reference category in the analysis—, Asia Pacific, Europe, Far East, Latin America, North America), along with an indicator variable to identify his or her line of business (11 different categories such as “HR management,” “Talent development,” “Training programs,” “Compensation and mobility” to name a few), which we used to cluster standard errors in our analysis.

**Analysis**

We tested our theory using ordered probit models with robust standard errors predicting individuals’ performance evaluations. Descriptive statistics and

\(^5\) Based on this logic, a respondent who indicated conduit = 1 and arbitraging = 2 would have her preference coded as an arbitraging strategic orientation, whereas a respondent who indicated conduit = 1 and collaborating = 2 would have her preference coded as a collaborating strategic orientation. In this way, we obtained a dichotomous variable capturing the arbitraging orientation as the opposite of the collaborating orientation.

\(^6\) Lacking the excluded category (conduit strategic orientation), collaborating and arbitraging strategic orientations would simply be one the opposite of the other, making it econometrically impossible to have both dummies in the same model.
correlations are reported in Table 1, and results of the ordered probit regressions are presented in Table 2.

In all models, we clustered standard errors by the functional areas to which individuals belonged to address possible codependencies driven by the fact that respondents were assigned to the same organizational function.

Model 1 of Table 2 presents control variables. Models 2 through 4 introduce the main effects of brokerage, and strategic orientation toward brokering. Model 5 tests the interaction term between brokerage and individuals strategic orientation toward brokering. Models 6, 7, and 8 replicates the analysis conducted in earlier models but considering separately the effects of collaborating versus arbitraging strategic orientations. Finally, Models 9 and 10 test the interaction effects confirming, respectively, the negative moderating effect of a collaborating orientation on the relationship between nonredundant ego networks and performance, and the positive moderating effect of an arbitraging strategic orientation on the relationship between nonredundant networks and performance.

Among the control variables, we observed consistent and positive effects for Asia Pacific and Latin America, indicating that individuals located in those geographical areas tended to enjoy higher performance ratings and levels of education (individuals with higher levels of educations tended to also have higher ratings). Job rank (reverse coded) was negatively correlated with performance ratings, suggesting that highly ranked individuals tended to receive better evaluations on average.

As can be seen in Models 2–4, having a nonredundant network was positively associated with individuals’ evaluations, as expected, but the main effect for individuals’ strategic orientations was not (although it was positive as expected). Consistent with our Hypothesis 1, Model 5 indicates that brokers with an arbitraging strategic orientation toward brokering perform better than brokers with a collaborating strategic orientation toward brokering. Furthermore, considering separately the effects of arbitraging versus collaborating orientations (Models 9 and 10) corroborates the findings presented in Model 5. In particular, as illustrated in the plots reported in Figure 2 and Figures 3a and 3b below, and consistent with what was hypothesized, having a collaborating (arbitraging) strategic orientation decreases (increases) the advantages of a brokerage position, compared to having an arbitraging (collaborating) strategic orientation.

Our findings were also stable when using different estimation techniques. For instance, we obtained substantively similar results when estimating our regressions using a generalized linear model with a probit specification predicting the probability of high versus low performance (i.e., using

### TABLE 1

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<th>(3)</th>
<th>(4)</th>
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<th>(6)</th>
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<td></td>
<td></td>
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<td>(1 = arbitraging, 0 = collaborating)</td>
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*Logged variable.

* *p* < .05
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<th>Model 4</th>
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<th>Model 7</th>
<th>Model 8</th>
<th>Model 9</th>
<th>Model 10</th>
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<td>0.267**&lt;br&gt;(0.188)</td>
<td>0.229**&lt;br&gt;(0.087)</td>
<td>0.267**&lt;br&gt;(0.087)</td>
<td>0.267**&lt;br&gt;(0.188)</td>
<td>0.229**&lt;br&gt;(0.087)</td>
<td>0.267**&lt;br&gt;(0.188)</td>
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<td>0.054&lt;br&gt;(0.163)</td>
<td>0.113&lt;br&gt;(0.147)</td>
<td>-0.143&lt;br&gt;(0.236)</td>
<td>0.054&lt;br&gt;(0.163)</td>
<td>0.113&lt;br&gt;(0.147)</td>
<td>-0.143&lt;br&gt;(0.236)</td>
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<td>-0.143&lt;br&gt;(0.236)</td>
<td>0.054&lt;br&gt;(0.140)</td>
<td>0.113&lt;br&gt;(0.147)</td>
<td>-0.143&lt;br&gt;(0.236)</td>
<td>0.054&lt;br&gt;(0.140)</td>
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<td>0.198&lt;br&gt;(0.285)</td>
<td>-0.049&lt;br&gt;(0.210)</td>
<td>0.198&lt;br&gt;(0.285)</td>
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<td>0.198&lt;br&gt;(0.285)</td>
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<td>-0.017&lt;br&gt;(0.185)</td>
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<td>Effective size × Collaborating orientation toward brokering</td>
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### Table 2 (Continued)

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<td>0.036</td>
<td>0.039</td>
<td>0.039</td>
</tr>
<tr>
<td>Log pseudolikelihood</td>
<td>−268.05</td>
<td>−254.43</td>
<td>−268.02</td>
<td>−262.98</td>
<td>−262.28</td>
<td>−268.05</td>
<td>−268.05</td>
<td>−254.42</td>
<td>−253.57</td>
<td>−253.63</td>
</tr>
<tr>
<td>Akaike information criterion</td>
<td>556.105</td>
<td>526.866</td>
<td>556.032</td>
<td>545.955</td>
<td>544.567</td>
<td>556.103</td>
<td>556.105</td>
<td>526.831</td>
<td>525.136</td>
<td>525.261</td>
</tr>
<tr>
<td>Wald test</td>
<td>—</td>
<td>8.04**</td>
<td>0.11</td>
<td>17.88**</td>
<td>5.56*</td>
<td>0.01</td>
<td>0.01</td>
<td>20.64***</td>
<td>9.71**</td>
<td>9.60**</td>
</tr>
</tbody>
</table>

Notes: All the models have robust standard errors clustered for functional area (standard errors in parentheses). Wald test computed with respect to Model 1 for Models 2, 3, 4, 6, 7, and 8; Wald test computed with respect to Model 4 for Model 5; Wald test computed with respect to Model 8 for Models 9 and 10.

* Logged variable.
† \( p < .10 \)
* \( p < .05 \)
** \( p < .01 \)
*** \( p < .001 \)
a dichotomous description of the dependent variable where a value of 1 indicates a greater-than-average performance, and 0 otherwise). Also, no discernible differences were observed when estimating our models using a simple ordinary least squares regression. Furthermore, the Brant test of the parallel line/proportional odds assumptions for the results presented in Table 2 was not significant, suggesting that the parallel line assumption holds in our ordered probit analysis.

The stability of our findings across different estimation techniques was intuitively corroborated by the plots showing the actual data distribution and fitted regression line expressing the relationship between brokerage and performance, distinguishing between collaborating and arbitraging strategic orientations (Figure 2). Visually, the slope of the fitted line for the arbitraging strategic orientation is significantly steeper than the slope for the collaborating strategic orientation.

Analytically, the effects of the interaction terms reported in Model 9 and Model 10 are also statistically significant over a meaningful range of the values observed for effective size. As can be seen in Figure 3’s depiction of the results of the margins analysis (Brambor, Clark, & Golder, 2006; Hoetker, 2007; Zelner, 2009), the confidence intervals for the marginal effects of collaborating brokerage (see Figure 3a) stop overlapping for values of effective size greater than 0.6 in the plot, which amounts to approximately 59% of the observations. Similarly, as seen in Figure 3b, the confidence intervals for the marginal effects of arbitraging brokerage stop overlapping for values of effective size greater than 1.2 in the plot, which corresponds to approximately 33% of the observations.

Although the pseudo-R² values of our models are relatively low, the Wald test results suggest a statistically significant improvement in model fit determined by the introduction of the theoretically relevant variables (i.e., brokerage and the interaction terms). Indeed, the magnitude of our coefficients also suggests a substantive role of strategic orientation toward brokering in determining brokers’ expected performance levels. In Table 3, we estimate the size effect of the interaction terms on the likelihood of observing a given performance level for a broker.

In particular, based on the results presented in Table 3, the size of the coefficients of the interaction terms can be interpreted as follows. Having an arbitraging brokering orientation (first row of Table 3) makes an individual who occupies a brokerage position 3% less likely to have a below-average performance, 10% more likely to have an average performance (although this result is not statistically significant), and 14% more likely to have an above-average performance. Alternatively, having a collaborating brokering orientation (second row of Table 3) makes a broker 2% more likely to have a
FIGURE 3a
Simple Slope Analysis of Effective Size on Individual Performance Taking into Account Brokers’ Collaborating Strategic Orientation

FIGURE 3b
Simple Slope Analysis of Effective Size on Individual Performance Taking into Account Brokers’ Arbitraging Strategic Orientation
below-average performance (although this result is not statistically significant), 14% more likely to have an average performance, and 16% less likely to have an above-average performance.

**Robustness Checks**

**Endogeneity.** Given the cross-sectional nature of our data set, one could plausibly argue that it is not the fact of occupying a brokerage position that leads to better performance, but, rather, that better performance allows individuals to move, over time, into more advantageous brokerage positions. If better performance implies higher brokerage scores, then our effort to explain performance variation in network advantages could be severely undermined. To limit concerns about the possible endogenous nature of brokerage, we adopted a two-stage least squares procedure using as an instrument for brokerage the number of employees assigned to a given country. Greater geographical operations should offer more opportunities to form nonredundant network connections (i.e., larger, nonredundant networks) to individuals in that country. At the same time, it is not obvious that operating in a country with larger operations should increase the performance of brokerage before the effect of brokerage on performance disappears. From this analysis, which is based on an extension of Imbens (2003) as implemented by Harada (2012), we inferred that the existence of an omitted variable that would cancel the effects of brokerage on performance could be considered as highly unlikely.

**Size versus structure.** Since the brokerage measure used in the analysis (effective size) is normally highly correlated with the number of contacts an individual has (degree centrality), we also wanted to establish that the observed effects were due to the network structure being sparse rather than to its sheer size in terms of number of contacts. As the level of correlation between degree centrality and effective size was too high in our case, due to multicollinearity issues, we could not have both terms in the same equation (Haunschild & Sullivan, 2002). Thus, to determine if the effects observed in our models are due to the structural configuration of individuals’ ego network, or just to its degree, we re-ran all of our models using different measures of brokerage. In particular, we re-ran our models using ego betweenness instead of effective size and included degree centrality as an additional control, and obtained results that are fully consistent with those presented in Table 2.

**Temporal stability of strategic orientations.** One last point we would like to discuss by way of further qualifying our findings is the relative temporal stability of individuals’ strategic orientation toward brokering. In fact, to the extent that an orientation toward brokering is unstable and volatile, the legitimacy of the conclusions reached in this study could be called into question. To address this issue, we used data collected approximately one and a half years after our first round of data collection on the same sample of participants. In this second round of data collection, we administered a survey containing the scale developed and validated by Obstfeld (2005) to capture an individual’s tendency toward collaborating and uniting their contacts (what Obstfeld calls tertius iungens strategic orientation). To the six items included in Obstfeld’s validated scale, we

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7 Empirically, we also observed that the number of employees in a given country is positively associated with brokerage, but not significantly associated with individual performance.

8 The results of the two-stage least squares procedure are available upon request. Also available are the results of the analysis estimating ordered probit models with endogenous regressors implemented in the “cmp” Stata module (Roodman, 2011), which yielded entirely consistent results to those presented in Table 2.

9 The results of this analysis are available upon request.

10 Available upon request.
added three additional items to capture individuals’ tendency to act as arbitraging brokers, keeping apart and benefitting from the disconnections between their contacts. Items and factors loading are reported in Table 4.

One of the reasons for using a different instrument in the new round of data collection was to establish the convergent validity of the strategic orientation measures obtained with the visual scale in the first round of data collection. Of the 356 participants for whom we had complete data in the first round, 232 also completed the survey administered in the second round. This means we could rely on 65% of the original sample to assess the stability of collaborating and arbitraging strategic orientations. A principal component factor analysis performed on the data collected at Time 2 revealed the existence of two factors with eigenvalues greater than 1 that mapped to the collaborating and arbitraging orientation constructs, respectively. We averaged the six items mapping to the collaborating factor and the three items mapping to the arbitraging factor to measure, respectively, the collaborating and arbitraging strategic orientations of respondents in our sample taken at Time 2. We then ran additional statistical tests to determine the extent to which individuals with a collaborating (arbitraging) brokering orientation at Time 1 also exhibited a collaborating (arbitraging) brokering orientation at Time 2. Results are reported below in Figure 4. Comparing the values obtained in the Time 2 measurement of collaborating versus arbitraging brokering orientations, we observed that respondents who reported a collaborating orientation at Time 1 scored significantly higher on the collaborating scale at Time 2 (i.e., 4.08 out of 5 vs. 3.89 out of 5, significant at the standard 5% confidence interval, \( p = .013 \)) than they did on the arbitraging scale at Time 2. Similarly, respondents who reported an arbitraging orientation at Time 1 scored significantly higher on the arbitraging scale at Time 2 (i.e., 3.13 out of 5 vs. 2.87 out of 5 significant at the standard 5% confidence interval, \( p = .025 \)) than they did on the collaborating scale at Time 2.

A \( \chi^2 \) test of independence between orientations at Time 1 and orientations at Time 2 is consistent with the findings reported in Figure 4, suggesting that individuals’ orientation toward brokering are significantly correlated over time.

### Table 4

Results of Factor Analysis of Strategic Orientation toward Brokering Scale

<table>
<thead>
<tr>
<th>Item</th>
<th>Collaborating brokerage: Factor 1</th>
<th>Collaborating brokerage: Factor 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>I forge connections between different people dealing with a particular issue (CB)</td>
<td>.57</td>
<td>.07</td>
</tr>
<tr>
<td>I introduce two people when I think they might benefit from becoming acquainted (CB)</td>
<td>.71</td>
<td>−.11</td>
</tr>
<tr>
<td>I believe meetings and open discussions are time consuming (AB)</td>
<td>.23</td>
<td>.57</td>
</tr>
<tr>
<td>I introduce people to each other who might have a common strategic work interest (CB)</td>
<td>.68</td>
<td>−.13</td>
</tr>
<tr>
<td>I point out the common ground shared by people who have different perspectives on an issue (CB)</td>
<td>.69</td>
<td>.06</td>
</tr>
<tr>
<td>I see opportunities for collaboration between people (CB)</td>
<td>.64</td>
<td>.08</td>
</tr>
<tr>
<td>If I believe it is not essential, I do not introduce people to each other (AB)</td>
<td>−.37</td>
<td>.58</td>
</tr>
<tr>
<td>I will try to describe an issue in a way that will appeal to a diverse set of interests (CB)</td>
<td>.43</td>
<td>.40</td>
</tr>
<tr>
<td>I like meeting people separately and recombining their insights on my own (AB)</td>
<td>−.08</td>
<td>.79</td>
</tr>
</tbody>
</table>

*Notes: CB = collaborating brokerage, AB = arbitraging brokerage. Kaiser–Meyer–Olkin measure of sampling adequacy = .73. Bartlett’s test of sphericity, \( p < .005 \).*
DISCUSSION

Reflecting on the cumulative body of knowledge on network advantages, Burt, (2007: 60) argued that, while “there is abundant and accumulating empirical evidence of returns to brokerage, evidence on the mechanisms is not abundant.” This sentence is the premise of, and the inspiration for, what we tried to accomplish in this paper. In particular, we proposed that individual tendencies to enact arbitraging or collaborating strategies when brokering should interact in meaningful ways with the advantages traditionally associated with brokerage positions. Considering individuals’ strategic orientations in the context of the brokerage positions occupied by individual actors is consistent with what was proposed by Mischel, Mendoza-Denton, and Shoda (2002) in their theory of “behavioral signatures.” By incorporating the situation into the search for consistency of behaviors, individuals can be “characterized not only by stable individual differences in their overall levels of behavior, but also by distinctive and stable patterns of situation–behavior relations” (Mischel et al., 2002: 51). Hence, we think of strategic orientations as a way of characterizing individuals’ tendency to arbitrage resources or to openly collaborate with their network connections. Leveraging a unique data set that measured organizational members’ structural positions as well as their strategic orientation toward brokering, we showed that the main positive effect of brokerage on individual performance is enhanced by an arbitraging strategic orientation and hampered by a collaborating strategic orientation.

Our approach allowed us to tease apart the two primary inputs to network advantages: brokerage as the structural position that individuals occupy in a network, and brokering as the strategic orientation that guides their networking actions (Obstfeld et al., 2014). Thus, we were able to move beyond the assumption that a social structure either reflects or predicts the action of actors embedded in that structure. This is in line with Granovetter’s (1985: 487) foundational idea that “actors do not behave or decide as atoms outside a social context,” and also with Burt’s (2012: 544) insight that “networks do not act. Networks are the residue of people spending time together [and] can facilitate or inhibit action, but people are the source of action.”
Building on these premises, and taking into account that network positions are the result of complex interactions among individuals (Ahuja, Soda, & Zaheer, 2012), we conceptually and empirically separated individuals’ orientation toward brokering from their structural position. This allowed us to identify a distinct theoretical mechanism that explains variation in the effects of brokerage on individual performance: the alignment (or misalignment) between structural position and an individual’s orientation toward brokering. In this way, we tried to reconcile a purely structuralist approach, offering strong arguments and empirical evidence about brokerage advantages, with a behavioral and strategic approach that considers networks as spaces where individual actions aim to mobilize resources held by others (in our context, knowledge and information). Since brokerage theory suggests that benefits to the broker are created by disconnects among alters, a broker with an arbitraging strategic orientation—who leverages the informational gaps among unconnected alters—is behaving consistently with the prediction of structural theory. This consistency, or alignment, should provide an “extra” benefit to an arbitraging broker. In our theory and empirical test, we looked at the benefits of individuals who show consistency between the structural position they occupy and their networking strategy and actions. Relative to others, these individuals achieve higher performance because they are both structurally favored and they take advantages of their position by acting strategically to spill over and recombine others’ knowledge and information. Our empirics also show that, relative to arbitraging brokers, a broker with a collaborating strategic orientation—one who favors enlisting and connecting individuals, thus seeking integration and coordination among unconnected others—systematically achieves lower performance levels. It is reasonable to speculate that, while an arbitraging broker is able to draw the informational and knowledge rents to their own advantage, a collaborating broker tends to socialize more and thereby redistribute advantages to their alters, in turn suffering lower gains in personal performance. Moreover, this organizational actor will end up incurring coordination costs that, together with failing to exploit the opportunities her structural position offers, will substantially reduce the performance benefits normally attributed to brokerage.

There is also a more subtle logic underpinning the moderating effects of a brokering strategic orientation on the relationship between brokerage and performance, and it is one of “acceptance.” One of the reasons why brokers have a higher performance level is because they are often a source of new ideas (Burt, 2004)—that is, access to knowledge and information diversity can give brokers a “competitive advantage in seeing good ideas” (Burt, 2004: 356). However, before a broker can convert new ideas into actual performance benefits, she has to be accepted as a source of good ideas by a target audience. Acceptance is the result of a dynamic process in which the broker acts strategically: presenting and framing the new idea differently to diverse audiences, appealing to their specific needs, obtaining their buy-in, and, most of all, preserving the ownership of the idea. A broker with an arbitraging strategic orientation, by framing, adapting, and translating the idea to different audiences in a way to make it appealing to their specific needs, will preserve ownership of the idea and push it forward. Conversely, a broker with a collaborating strategic orientation, by socializing the content of the newly acquired knowledge and information and involving different constituencies at once in the process, might end up losing ownership of that content while trying to accommodate diverging views and opinions. The efforts of collaborating brokers to build consensus while keeping together a broad, diverse, and loosely connected coalition may ultimately incur steep coordination costs. These costs might both dilute the structural advantages of being a broker and make it more difficult to win recognition and agreement from network alters.

This paper makes important contributions to our understanding of how network advantages accrue to individuals in a network. Primarily, our results suggest that network structure and network behavior can complement one another (or not), an insight that enhances our understanding of the mechanisms linking network position and performance. In fact, by moving from the traditional structural explanation for network advantages, we were able to identify strategic orientation toward brokering as a novel and critical contingency in the relationship between network position and performance outcomes. Thus, our theory and findings suggest that the well-established discussion on the relative contributions of individual actions and social structures, which has been mainly limited to tie formation and network dynamics (Ahuja et al., 2012), should also be extended to the discussion of performance consequences. Second, while confirming that network structure can provide individuals with opportunities to improve their performance, we identified
individual strategic orientation as a possible explanation for how brokerage opportunities in a network translate (or not) into concrete performance benefits. This means that, instead of comparing the arbitraging and collaborating strategies in abstract terms, we brought both to bear on the issue of how individuals benefit from brokerage. Thus, in addition to objective individual attributes, such as job grade, position in the formal organization, experience, and expertise (McEvily, Soda, & Tortoriello, 2014), and in addition to the subjective psychological traits and/or individual experiences, such as self-monitoring, identity, affect, or cognitions (Ibarra, Kilduff, & Tsai, 2005), we believe that the development of theories on network advantage would be substantially enriched by continuing to explore the role and impact of individuals’ strategic orientation.

LIMITATIONS AND FUTURE RESEARCH

Our study is not without limitations. Most significantly, our cross-sectional design could overlook critical process dimensions that might simultaneously influence individuals’ strategic orientations and structural positions. For instance, why would someone with a collaborating brokering orientation span structural holes in the first place? And how stable are strategic orientations toward brokering over time, particularly if we take into account longer periods? If they do change, at what point would a broker stop acting as an arbitraging broker to become a collaborating one, or vice versa? These are critical aspects of the proposed relationship between structural positions and individuals actions that we could not directly address, given the nature of our data and research design.

Our approach aimed at capturing individuals’ behavioral preferences when facing a scenario in which they occupy a structural brokerage position. As a consequence, we designed our brokering orientations options thinking of mostly stable patterns of situation–behavior relations (Mischel et al., 2002). However, the degree to which these orientations are stable and independent or context-specific cannot be conclusively determined with our data. Several contextual factors can play a role in explaining the rate of adoption and change of orientations over time. For instance, factors such as organizational or national culture and values can make some behavioral orientations more socially desirable than others, and thus can influence the distribution of individuals’ preferences among orientations toward brokering (Xiao & Tsui, 2007). Moreover, alters’ characteristics can induce structural brokers to adopt one orientation instead of another (Lingo & O’Mahony, 2010).

However, considering the data we collected at two points in time (two years) and the intertemporal consistency between our visual, scenario-based measures and a more traditional measure of individuals’ orientations toward brokering, our inference is that individuals’ preferences toward brokering orientations tend to be relatively stable. We also observed empirically that these preferences do not vary across the relevant organizational and demographic dimensions we took into account (in particular across sub-functions, geographical locations, experience, education, and job rank). We obviously do not consider the empirical evidence obtained through these side analyses to be exhaustive and/or definitive enough to make an absolute statement about the nature, origins, and dynamics of individuals’ strategic orientations. To the contrary, we believe there is a need for additional research to address these issues, particularly regarding the relationship between individuals’ personality traits and their behavioral orientation toward brokering.

There are also important boundary conditions to the validity of our proposed theory. For instance, a context geared toward the generation of innovative practices, in which individual contributions matter, could reward arbitraging strategies more for individuals who occupy positions that benefit from a privileged flow of knowledge. Different organizational contexts could instead be more rewarding for a different strategic orientation. This is not to say that formalized organizational norms would always be perfect predictors of the distribution of individuals’ orientations. While it is difficult for us to speculate about what drives variation in the distribution of brokering orientations, one could reasonably imagine that the tension between formalized versus emergent organizational norms could end up shaping individuals’ orientation toward brokering. By showing the important performance implication of these individual orientations, we hope that our study will spur interest and promote research on their antecedents.

Regarding the performance implications of orientations toward brokering, it bears repeating that we examined intraorganizational relationships in a context with relatively stable employment histories, and within a single division of one company. The importance of alignment between network structure and a strategic orientation toward brokering could possibly be a result of the constraints that individuals face in such an environment. For
instance, in a stable context, a purposive arbitraging broker might create extra value by controlling informational resources and leveraging opportunities for arbitraging knowledge, resources, and information. However, in a more dynamic professional environment, creating connections among otherwise disconnected others could be an important method for building consensus and jumpstarting new initiatives, such that a collaborating orientation toward brokering would be more beneficial in relative terms (Obstfeld, 2005). How the interplay between structural position and individual strategic orientation changes in more volatile contexts (i.e., high-turnover organizations) is an open question that our study cannot address. Similarly, one might observe different results associated with collaborating and arbitraging brokering orientations depending on specific organizational cultures (Xiao & Tsui, 2007). More collectivistic cultures could encourage and reward collaborating orientations, while more individualistic, egocentric cultures could encourage and reward more arbitraging orientations. Each of the limitations identified above reinforces the importance of future research to identify conditions that currently limit the generalizability of our findings.

Our research endeavor has been one of the first to rely on a scenario-based visual scale to measure important network characteristics (Mehra et al., 2014) and, in our particular case, the way individuals act on one strategic orientation or the other. While we could provide at least some suggestive evidence about the fact that our measure seems to capture key aspects of the tension between arbitraging and collaborating strategic orientations, the novelty of our approach and the lack of cumulative research probing the validity and reliability of this type of measure suggest that some caution is warranted when interpreting our findings. For instance, a useful extension of the scenario-based approach we used in this paper could be to present respondents with multiple different scenarios to assess how their orientations changes when facing different hypothetical situations (Burt, 2012).

Finally, future studies could also investigate how the interplay between brokerage, strategic orientation, and performance varies across time. Similarly, extending our investigation on the role of strategic orientation toward brokering to include organizational and individual characteristics such as gender, job rank, or organizational culture would help to further refine the basic insights we’ve offered with this study. Explicitly considering variation in individuals’ strategic orientation along with variation in their structural position promises to reveal important new information about how network structures form, evolve, and affect meaningful organizational outcomes.

REFERENCES


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