

Leadership in a Networked World

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The subject of leadership holds endless fascination. How is it that some individuals can accomplish so much? We all wonder, what have they got that I haven't got? (And how can I get it?) While the first histories may have been chronicles of the clan's glories, certainly the second type of history was about great leaders, for an audience interested in gleaning lessons they could apply to their own lives. If so many smart people have been writing about it for so many centuries, what could possibly be added in a couple of columns of a magazine?

Leadership is endlessly fascinating precisely because leadership is fundamentally social and the social world keeps changing. While much of leadership is timeless, the rest comes from a deep understanding of the situation at hand. And the leadership situation at hand today is networks.

Increasingly we all work in networks. Networks are ad hoc arrangements in which a set of people come together to work on a particular project. Even those of us working in traditional bureaucracies find that more of our work lives involve working in teams, gathering together resources and support from different places in order to get our jobs done. Networks mean that we are more dependent on more people, inside and outside our formal organizations, over whom we have no formal authority.

Much of traditional writing and research on leadership assumes the reader is in charge. To cite just a few familiar examples: assume you are the general, here's how you can win the war (Sun-Tzu); assume you are the prince, here's how you can get your enemies before they get you (Machiavelli); or assume you are the supervisor, don't forget to be considerate (Stogdill). While these works certainly offer good advice, it is of limited use for network leadership. What are you to do if you are neither the general, the prince, nor even the supervisor, but you absolutely have to get others' cooperation?

Recently my colleague, Professor Lyman Porter, and I led a session on net-



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work leadership for GSM's alumni. We drew on the nascent research on network organizations to lead a discussion about network leadership. Much of the discussion focused on leading cross-functional teams and sources of power and influence. However, since there already are some excellent books on those topics (listed below), I decided to share some of our more speculative discussions about how networks actually function.

While not new, networks are much more pervasive than before, and we don't know very much about how they really operate. Thus our discussion focused on trying to understand networks, so we can more effectively lead in them.

Although rare, there are a few industries which are organized as shifting networks of arrangements, so one place to start is to take a close look at these networks to determine who exerts leadership in them and why. Fortunately for us, one of these industries is quite well-known to all of us—the American film industry, or what is familiarly known as “Hollywood.” As we all know this industry used to be dominated by traditional hierarchical organizations (“the Studios”) which were vertically inte-

grated, controlling the product from inception through distribution. This all began to unravel in the 1950s, so that today Hollywood is a large multi-national industry consisting of countless specialized small organizations which come together to make a particular film, and then disband.

Because Hollywood never seems to tire of making films about itself (and because this glamorous industry attracts academic attention) we know a great deal about this network operates. What do we know?

First, large-scale networks have an information problem. If you need to put together a new set of people for each project, how do you judge who will be the best performer? Who is reliable? Who can you trust? Each individual can only have a limited number of close personal friends, even in Hollywood. For large-scale complex tasks, this just isn't enough ... you must trust strangers. In bureaucracies the hierarchy worries about this problem; in networks you have to do it all yourself.

In practice this problem is addressed by the use of **reputation**. People who have a choice will work with those who have a good reputation for good performance. It is simply too much trouble and expense to try to gather information on every possible applicant; it is more efficient to stick with those with a reputation for getting the job done.

Second, leadership in networks is exerted by being at or near the center of a **core**. Professor Candace Jones, now at Boston College, has studied the strategic structure of Hollywood and she provides evidence that it is structured into several different cores, with their own concentric rings she calls the **periphery**. Those who gain a good reputation move closer to the center of a core. The closer you are to the center of a core the more frequently you work.

Cores themselves tend to form around those perceived as able to mount a successful project. Thus those with a reputation for delivering success gain more cooperation. Such perceptions are

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