

The Strength of Weak Ties and Issues of Embeddedness: a review of Granovetter's theories on social network and organization

FORCES DE POINTS FAIBLES ET ISSUES D'ENFONCEMENT :

UNE REVUE DE THEORIES DEGRANOVETTER SUR L'ANALYSE ET L'ORGANISATION DU RESEAU SOCIAL

Liu Zhongqi¹ Wei Shuiying²

Abstract: Based on the issues of the strength of weak ties and embeddedness, this paper haven taken a summary and review of Granovetter's theories on social network analysis and organization.

Key words: Granovetter, Weak ties, Embeddedness

Résumé: Basé sur les issues de forces de points faibles et d'enfoncement, ce document considéré comme un résumé et revue de théories de Granovetter sur l'analyse et l'organisation du réseau social.

Mots clés: Granovetter, points faibles , enfoncement

1. INTRODUCTION

Granovetter's 1973 paper "The Strength of Weak Ties" issued on American Journal of Sociology, is an important article on social network analysis. In this paper, Granovetter hypothesizes that weak ties can act as crucial bridge and elaborates four dimensions that measure the strength of ties. In his view, strong ties sustain relations within the group or organization, while weak ties can build bonding relations between groups or organizations and gain easily access to non-redundant information unavailable through interaction with strong ties. In other words, weak ties play a role of bridge in the process of information flows between different groups. The hypothesis of the strength of weak ties and such empirical findings has great influence on American and European researchers in social network analysis.

2. THE STRENGTH OF TIES AND THE EMBEDDEDNESS IDEA

Granovetter initially uses the concept of "the strength of ties" and makes the distinction between strong ties and

weak ties. Furthermore, he proposes that the strength of ties can be measured by the following four dimensions: the amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal service. In his view, strong ties are related to higher frequency interaction, more emotional involving, more intimate, and wider reciprocal service, while weak ties are characterized by lower frequency interaction, less emotional involving, less intimate, and narrower reciprocal service.

Granovetter's emphasis on bridging weak ties is the nuclear of his hypothesis of "the strength of weak ties". He argued that weak ties are more likely to link members of different small groups than are strong ones, which tend to be concentrated within particular groups, and thus weak ties are more likely to move in circle different from our own and will have access to information different from that which we receive (Granovetter, 1973, p1376). Furthermore, Granovetter's empirical study of recent job changers, he found that weak ties are an important resource in making possible mobility opportunity. Based on the empirical findings, Granovetter asserts that "though weak ties are certainly not automatically bridges. What is important, rather, is that all bridges are weak ties." (Granovetter, 1973, p1364).

Granovetter has developed the idea of "economic is

¹ Research Center of Urban Society, Shanghai Administration Institute, China.

² Sociology department of Shanghai University, China.

*Received 10 October 2005; accepted 20 October 2005

embedded in the society” proposed by Karl Polani, and again concerns the embeddedness ideas by a critique of undersocialized and oversocialized accounts in his 1985 paper “Economic Action and Social Structure: The Problem of Embeddedness”. He insists that economic action is closely embedded in networks of interpersonal relations, and argues that trust is very important in economic life, which results from social relations, rather than from institutional arrangements or generalized morality. In other words, he thinks that social networks generate trust and trust is embedded in social network and simultaneously economic action is embedded in the structure of trust of social network (Granovetter, 1985, p488).

In fact, Granovetter’s concept of embeddedness implies that economic exchanges always take place between people who know each other but not completely strange to each other. In comparison with the hypothesis of weak ties, the concept of embeddedness emphasizes on trust rather than information. But trust should develop on basis of long-term contact or communication between transaction parties. Thus, it is obviously to be seen that the concept of embeddedness implies the strength of strong ties, which is contrary to his former hypothesis of the strength of weak ties.

3. GRANOVETTER’S THEORY ON ORGANIZATION

Granovetter insists that economic action is embedded in social structure. Simultaneously, he adopts the viewpoints of network analysts that social network is the social structure and economic action is constrained and shaped by the structures of social relations in which all real economic actors are embedded. Thus Granovetter forms his own ideas that “the embeddedness approach to the problem of trust and order in economic life, thread its way between the oversocialized approach of generalized morality and the undersocialized one of impersonal, institutional arrangement by following and analyzing concrete patterns of social relations.” (Granovetter, 1985, p493). In other words, Granovetter believes economic action is embedded in social networks or social structure, and at the same time, it is constrained and facilitated by social relations or network structure. This is also his causal analysis to explain economic phenomenon.

With regard to the problem “which transactions in modern capitalist society are carried out in the market, and which subsumed within hierarchically organized firms?” Granovetter, using the concept of embeddedness, gives a very different explanation from Williamson’s. He argues that the reason why different transactions are subsumed to different organizations does not lie in the economy of transaction costs, but in the role of economic actors’ social network plays.

In Granovetter’s view, new economic sociology, as a continuation of traditional economic sociology, should include three propositions: (1) economic action is a form of social action; (2) economic action is positioned by society; (3) economic institution is a part of social structure (Granovetter, and Swedberg, 1992). Only is three propositions insisted, network approach can gain legitimacy in analyzing economic phenomenon. Thus Granovetter based his theory of organization on the basis of three classic sociological assumptions: (1) the pursuit of economic goals is normally accompanied by that of such non-economic ones as sociability, approval, status, and power; (2) economic action (like all action) is socially situated, and cannot be explained by individual motives alone; it is embedded in ongoing networks of personal relations rather than carried out by atomized actors; (3) economic institutions do not arise automatically in some form made inevitable by external circumstances, but are ‘socially constructed’ (Granovetter, 1992, p3).

Based on the above three classic sociology assumptions, Granovetter has an critique of two accounts—undersocialized and oversocialized accounts that many economists provide to explain human behavior. He argued that classical, neoclassical economics and new institutional economics actually hold “undersocialized” stance, because they assumes that rational, self-interested behavior is affected minimally by social relations or social structure. While reformists tend to hold oversocialized conception of human behavior—a conception of people as overwhelmingly sensitive to the opinions of others and hence obedient to the dictates of consensually developed systems of norms and values, internalized through socialization, so that obedience is not perceived as a burden (Granovetter, 1985, p483)

In Granovetter’s view, “despite the apparent contrast between under- and oversocialized views, we should note an irony of great theoretical importance: both have in common a conception of action and decision carried out by atomized actors. In the undersocialized account, atomization results from narrow utilitarian pursuit of self-interest; in the oversocialized one, from the fact that behavioral patterns have been internalized and ongoing social relations thus have only peripheral effects on behavior.” (Granovetter, 1985, p485).

The oversocialized concept is rather mechanical, which neglect individual’s initiative and creativity. While undersocialized concept overemphasizes the ability of individual’s rational choice. Granovetter warned us to avoid the atomization implicit in the theoretical extremes of under- and oversocialized conceptions. He argued that actors do not behave or decide as atoms outside a social context, nor do they adhere slavishly to a script written for them by the particular intersection of social categories that they happen to occupy. Their attempts at purposive action are instead embedded in concrete, ongoing systems of

social relations (Granovetter, 1985, p487).

Granovetter first narrow the focus to the question of trust and malfeasance in his illustration of his theory of organization. According to economists, mankind is basically "opportunistic, with guile and deceit. Then, the society will be characterized by distrust and malfeasance. But the real society is not like what economists postulated. What's the reason? New institutional economists, based on the hypothesis of undersocialized, argue that social institutions and organization are efficient solution to such as distrust and malfeasance. In other words, institutional arrangement can substitute for trust and serve to save transaction costs.

While in Granovetter's view, substituting institutional arrangements for trust can result in a Hobbesian situation. He has criticized new institutional economists' neglect of the role of concrete personal relations play in discouraging malfeasance, and he goes on to argue that it is concrete personal relations and the obligations inherent in them that discourage malfeasance. Though he also admits that under some conditions, social relations may provide occasion and means for malfeasance (Granovetter, 1985, p489-491).

Granovetter further discussed the impact of the embeddedness on the social construction of economic institutions by focusing on a problem "how and why economic activities are carried out not by isolated individuals, but by groups that entrepreneurs get to cooperate in such larger entities as firms, industries and inter-industry groups". Here, he emphasizes on the role of entrepreneur. In his view, the neoclassical theory of the firm ignores the entrepreneur because of their emphasis on equilibrium states and the role of market. And the New Institutional Economics also ignores the entrepreneur because they think the emergence of firms is automatic. Granovetter goes on to illustrate the role of social networks play in the organization of an industry by using the case of the electrical utility industry in the United States from 1880 to 1930. Then he concluded that even in identical economic and technical conditions, outcomes may differ dramatically if social structures are different (Granovetter, 1992, p9). From Granovetter's argument, it can be seen that economic organizational forms are closely related to social structures.

In his critique of Oliver Williamson's "market and hierarchies", Granovetter first refute Williamson's viewpoint on "hierarchical firms can overcome the complexities and uncertainty of market process". He argues that economic action is embedded in social network, which provide trust and cooperation needed by transaction parties, and that social relations can overcome the uncertainty and opportunism in the market. Thus, the parties can make transactions directly in the market, but not must within hierarchically organized firms.

The other side of Granovetter's critique is to argue that Williamson vastly overestimates the efficacy of

hierarchical power within organizations. In his view, economic action within firms is much embedded in social networks and individual's behavior does not always pursuit the goal of economic efficiency. Thus hierarchical firms cannot save transaction costs, and to some extent, it can even increase transaction costs. Then at the end of his "Economic Action and Social Structure: The Problem of Embeddedness", Granovetter concluded that "even with complex transactions, a high level of order can often be found in the market and a corresponding high level of disorder within the firm. Whether these occur, instead of what Williamson expects, depends on the nature of personal relations and networks of relations between and within firms."(Granovetter, 1985, p502).

4. GRANOVETTER'S THEORY ON SOCIAL NETWORK

Granovetter's view of embeddedness obviously inherits the structuralism methodology of positive sociology. The founder of sociology Comte sees the society as an organism and makes analogy of social phenomenon with natural phenomenon, and proposed that we cannot analyze the entity of society by using individual methodology. Spencer, making an analogy of society with living organism, proposed that we should analyze society from whole function perspective. Durkheim defines the object of sociological research as social facts and proposed that social facts can be only interpreted by social facts and cannot be reduced to the level of individual.

Transaction-cost economics assumes that real economic actors are opportunistic rational actors with bounded rationality who always pursuit maximum interest. While Granovetter argues that rational-bounded economic actors are undersocialized and atomized. He has criticized that the assumption of transaction-cost economics ignores the concrete social relation and social position in real life. He insists that the individuals embedded in social network structure are not isolate or atomized ones. They are connected to others through interpersonal networks and simultaneously their behavior are constrained or confined by concrete social network or social structure.

With regard to rational choice arguments, Granovetter asserts that since they narrowly construed as referring to atomized individuals and economic goals, they inconsistent with his embeddedness position, which hypothesizes that individuals embedded in social structure aims not only economic goals but also at sociability, approval, status, and power (Granovetter, 1985, p506). Based on the above hypothesis, Granovetter claims that what looks to analyst like nonrational behavior may be quite sensible, when situational constraints, especially those of embeddedness, are fully appreciated. Therefore, it can

be regarded that, to some extent, human behavior embedded in social relations and social network structure is also rational choice action, which is made under the condition of fully estimating and evaluating objective constraints.

Based on the critique of Williamson's explanation, Granovetter claims that the level of causal analysis he adopted in the embeddedness argument is a proximate one, which cannot be used to answer large-scale questions about the nature of modern society or the sources of economic and political change. The aim of his claim is just to make people aware of the importance of the causal analysis embeddedness.

New Institutional economics has made great efforts in theoretical preciseness and consistent logic, but it faces difficulty in positive examination. Simultaneously, it does not show as much solicitude for humanism as Marxist institutional economic does (Zhang, 1999). Though Granovetter's theory was proposed on the basis of the critique of Williamson's theory, it still has some disadvantages. For example, Zhou had pointed out that "Granovetter attempts to pose an explanation from the perspective of social network. Though he has raised a good question, unfortunately, he has not given an satisfactory answer. If we go on to ask further, his explanation will be reduced to utilitarian explanation." (Zhou, 2003). If the embeddedness argument is on earth a utilitarian explanation, then what is the difference between embeddedness argument and efficiency mechanism in economics? Furthermore, though Granovetter raised the problem of embeddedness, he did not give an satisfactory answer to such questions as how is economic action embedded in social networks or social structure specifically and how

is the former constrained and facilitated by the latter. In other words, Granovetter has only raised the problem of embeddedness and the most detailed work has been done by other network analysts and social capital theorists such as Lin and Burt.

5. CONCLUSION

As a paradigm of economic sociology, network analysis make great contribution to the development and rejuvenation of economic sociology, but it still has defects in methodology. Wang (1999) pointed out that firstly, the hypothesis of economic action embedded in social structure has not been examined by both logic and empirical evidence, while it is more likely to be that economy and society are mutually embedded in each other, which will result in narrowing research space of economic sociology. Secondly, embeddedness analysis does not efficiently connect the rational choice analysis of human action with the analysis of the effects of social structure. It only pursuit positive analysis and ignores norm analysis. Finally, embeddedness analysis always avoids the following questions. One is that when agents use specific social network during engaging in self-interested activities, whether or not this behavior will bring external effects (especially negative external effects) to others or the society. The other one is that when we observe the impact of formal structure (law, organization and institution) and informal structure (interpersonal relations, ethics, morality, and etc.) on economic action, which elements should be considered and which elements should be matched in a best way.

REFERENCES

- Granovetter Mark. 'The Strength of Weak Ties'. *American Journal of Sociology* 78, 1973.
- . 'Economic Action and Social Structure: The Problem of Embeddedness.' *American Journal of Sociology* 91, 1985.
- . 'Economic Institutional as Social Constructions: A Framework for Analysis.' *Acta Sociologica* 35.,1992
- Granovetter Mark, and Richard Swedberg. *The Sociology of Economic Life*. Boulder: Westview Press. 1992.
- Wang Hejian. 'Research of New Economic Sociology on China'. *Annual Conference of Sociology*, 1999, 10: 13
- Zhang Jianwei. 1999. 'Institutional Analysis in Economic Theory: Beyond Criticism'. *Research of Finance and Economics* 1.
- Zhou Xueguang. 2003. *The Sociology of Organization*. Beijing: Social Science Literature Press.

THE AUTHORS

Liu Zhongqi, Research Center of Urban Society, Shanghai Administration Institute, No.200, Hongcao Nan Road, Xuhui District, Shanghai 200233, P.R. China

E-mail: Hopeseason@163.com, Hopeseason@hotmail.com

Wei Shuiying, Sociology department of Shanghai University, Shanghai 200444, P.R. China.