# Network Building Behaviors of U. S. and Central Eurasian Leaders: Role of Institutional Background and Individual Factors

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## **Abstract**

This paper undertakes a comparative examination of contextual and individual-level antecedents to network building behaviors of leaders. Taking insights from social network and motivation theories, the proposed model suggests that while the institutional environment plays an important role in shaping individuals' network building behaviors, there are certain individual attributes — such as individuals' volitional tendencies and networking efficacy levels — that moderate the relationship between institutional backgrounds and networking behaviors of individuals. Using hierarchical regression models to test the hypotheses on a sample of ninety leaders from the Post Soviet countries and the United States, the results obtained highlight the roles of context and individual attributes in network building behaviors of leaders.

**Keywords:** Networking behavior; institutional background; volition; Post Soviet leaders; networking efficacy

JEL Classification Codes: D23, D80

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### 1. Introduction

Networking behavior on the part of leaders is a key organizational concept. This concept is important because the ability to form and maintain effective knowledgebased networking relationships is critical to success of leaders (e.g. Galaskiewicz and Shatin, 1981; Miller, Lincoln and Olson,1981; Galaskiewicz, 1985; Carroll and Teo, 1996; Burt, 1997; Rodan and Galunic, 2002; Tregaskis, 2003; Chiu et al., 2009), particularly in the global business environment, and network-based leadership training programs have, therefore, gained popularity in recent years (see van der Krogt and Warmerdam, 1997, for a general description of network approach to training). Moreover, scholars have also suggested that social ties can serve as one of the critical support and knowledge-generating mechanisms for expatriates, and expatriate training content should therefore incorporate social support or networking skills (e.g. Fontaine, 1986; Kealey, et al., 2005). However, there are questions that need to be better explored: When presented with networking opportunities, do leaders from different institutional contexts have different preferences to form networking relationships? Further, within an institutional environment, do different people have different motivational abilities and willingness to form networking relationships?

Institutional theory suggests that organizations are expected to imitate environmental elements in their structure and practices (DiMaggio and Powell, 1983; North, 1990), and research exploring effects of differences in international institutional contexts suggest that institutional routines become an inherent part of individuals' identities, and may influence their attitudes and behaviors, including their network building behaviors (Emirbayer and Goodwin, 1994; Smith, 1999; Burt, Hogart and Michaud, 2000; Salk and Brannen, 2000; Wang and Kenugo, 2004; Mao, 2006).

Thus, we propose that leaders exposed to, and working in, different institutional backgrounds may have different perceptions and preferences to form networking relationships and, hence, different abilities to form such networks. However, while the institutional background of leaders may influence their networking building behaviors, insights from the motivation theories suggest that individual-level factors moderate the influence of institutional background on networking behaviors of leaders. Thus, in order to understand antecedents to networking, it is important to study the effects of environmentally ascribed as well as individually acquired attributes within a unifying framework in order to develop an intuitively appealing theoretical model that more adequately represents the factors that influence network formation of leaders.

The main focus of the present paper is, therefore, to examine the antecedents to network building behaviors of leaders from two different institutional contexts — the United States, and the Post Soviet countries, to answer the unexplored questions raised above, by combining insights from social network and motivation

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theories. The proposed theoretical model identifying the effects of institutional background and individual variables on network characteristics is shown in Figure 1.

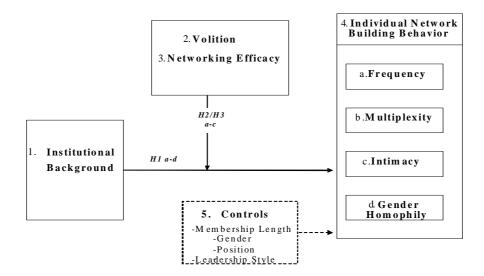


Figure 1: Conceptual Model

The model suggests that while the institutional background of leaders influences their network building behaviors, based on the insights offered by motivation theories, the relationship between institutional environment and network building behaviors of leaders is moderated by leaders': (a) networking efficacy, as an incentive to act, and (b) volitional levels, as a directive component of their motivational state.

It is expected that the study will: (a) contribute to social network theory literature, that has, in the past, paid somewhat limited attention to identifying the antecedents to networking¹ (Emirbayer and Goodwin, 1994; Kilduff and Krackhardt, 1994; Mehra, Kilduff, and Brass, 2001; Hoegl and Parboteeah, 2002), and (b) help identify some traits that may influence leaders to build effective knowledge-generating networks, and hence contribute to leadership and network-based training literature. Moreover, the study relates to an area of the world, the Post-Soviet Central Eurasian Region, that has historic and strategic importance in the global arena and tremendous potential and promise for development, given its strategic location and vast array of natural resources (Ismail and Ford, 2010), but has received very limited attention by management scholars and stands in stark

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<sup>&</sup>lt;sup>1</sup> Within the past few years, scholars have begun to address this gap in the literature.

contrast to the attention paid to Central and Eastern Europe by management scholars and researchers (Bakacsi et al., 2002; Meyer and Peng, 2005; Ismail and Ford 2010).

# 2. Theoretical Background and Hypotheses

Before discussing the conceptual model and hypotheses, we briefly review the existing literature related to motivation theories and social identity theory. Since the leaders from our sample are from the United States and the Post Soviet countries of Central Eurasia, we will focus upon these two specific institutional contexts to discuss our model and hypotheses.

## 2.1. Social Network Theory

The basic tenet of social network theory is that social actors are embedded in social contexts. The focus of network analysis is on different types of relations, contact, or more formally, ties that connect different actors to each other. The overall map of presence or absence of ties among network actors reveals a specific network structure (Knoke and Kulinski, 1982). While social network studies have traditionally focused on providing the description of the complete network structure of entire populations, in recent years, scholars are increasingly becoming interested in looking at individuals' unique set of contacts relating to variables at the individual level of analysis (Morrison, 2002), or egocentric networks, in order to understand micro-level idiosyncrasies in network formation, as well as to "recognize attributes of those who engage in networking behaviors" (Forret and Dougherty, 2001: 283). The focus of the current study is on egocentric networks. This focus is largely motivated by the criticism offered by scholars that many structuralists have paid relatively little attention to looking at the factors (antecedents) that influence networking perceptions and preferences, and a call for the importance of bringing insights from psychology into the structuralism arena (Kilduff and Krackhardt, 1994; Emirbayer and Goodwin, 1994; Mehra et al., 2001).

Network theorists commonly distinguish between instrumental network ties that arise in the course of performing work-related roles and involve exchange of work-related information, advice, and resources, and primary or expressive ties that involve informal, social or friendship relationships (Ibarra, 1993; Lincoln and Miller, 1979). While some individuals maintain distinct primary and instrumental ties, others may prefer to seek social or friendship support and advice and work-related information, support or advice from the same groups of people, and, hence, have overlap between their primary and instrumental ties. In social network literature, a network of instrumental ties is usually referred to as a work or knowledge-based network, while a network composed of primary social ties linking different individuals is usually referred to as a friendship network.

Individuals differ in their preferences for interaction with different types of people. Some individuals prefer to build strong and cohesive networking relationships, but

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others are not willing to put in effort required to maintain cohesive relationships and prefer to limit the frequency of their contact with others. Frequency refers to the number of interactions between people. Intimacy refers to the closeness of the relation ship between individuals.

Some individuals prefer to maintain different types of networking relationships with the same group of people, while others prefer to have greater distinction between their work and friendship networks. Multiplexity refers to the degree to which network circles formed for different purposes such as friendship or social support and work-related advice or support overlap (Ibarra, 1995). An example of the existence of multiplex ties is when an individual seeks social support and work-related advice from the same person. Such ties are usually strong and associated with great trust, and satisfy individuals' security as well as social needs. However, such ties also tend to limit the heterogeneity of knowledge and information present in networks.

Homophily is defined as the degree to which two connected individuals are similar in identity or affiliation (Ibarra, 1993). It implies that individuals tend to seek out similar others in forming networking relationships, i.e., "similarity breeds connection" (McPherson, Smith-Lovin, and Cook, 2001: 415). Individuals seek homophilious ties in order to minimize uncertainty associated with interacting with individuals outside their in-groups and in order to increase ease of communication, predictability of behavior and trust (Ibarra, 1993).

## 2.1.1. The Western-based Concept of Networking

Social networks are important mechanisms for generating information and knowledge (see Granovetter, 1972 and 1983; Kogut, 1988; Hamel, 1991; Burt 1992 and 1997; Hansen, 1999; Gargiulo and Benassi, 2000). The literature on leadership networks suggests that leaders and managers participate in training programs and seek memberships in clubs and societies in order to form networking relationships with other leaders. While individuals tend to form ties with similar others, according to Galaskiewicz (1985), "one of the latent functions of professional networks is to put people together in committees, panels, task forces, and study groups who might not otherwise be attracted to one another based on their background characteristics alone" (p. 640). Similarly, Carroll and Teo (1996) suggest that managers are more likely than non-managers to belong to clubs and societies and build large networks with a variety of people. Knowledge-generating networks provide timely and non-redundant information to organizations or managers. Researchers have shown that knowledge heterogeneity in managers' networks increases their performance and innovative effectiveness (e.g. see Burt, 1997; Rodan and Galunic, 2002). Moreover, networks are viewed as important strategic resources that help individuals and firms gain access to status (Podolny, 1994; Stuart, 2000) and resources (Dyer and Singh, 1998; Stuart, Hoang and Hybels, 1999; Chung, Singh and Lee, 2000).

Another important function that networks serve is that of a support mechanism that guides individuals and firms under conditions of uncertainty and facilitates cooperation and trust (see Coleman, 1988; Abrahamson and Rosenkopf, 1997; Kraatz, 1998; Gargiulo and Benassi, 2000). Primary networks with strong and intimate ties help facilitate this purpose (Coelman, 1988; Nelson, 1989; Gargiulo and Benassi, 2000).

# 2.1.2. Networking in the Post Soviet Contexts

While scholars have recognized networking as a critical response to institutional upheaval in transitional economies, there is a significant lack of research undertaken to examine micro level networking behavior of leaders in transitional economies of the Post Soviet region. However, research on networking behavior of firms in transitional economies has gained significant popularity in recent years (e.g. Meyer and Peng, 2005), and is worth discussing briefly.

International management scholars have suggested that in the context of inefficient institutional environments, firms have to rely on social networks in order to obtain resources that are not available through efficient market channels (e.g. Aldrich & Fiol, 1994; Peng & Heath, 1996; Khanna & Palepu, 1997; Peng & Luo, 2000; Khanna & Rivkin, 2001; Ismail, Ford, and Ferreira, 2008). In transitional economies, informal networks of social relationships are major resources that determine the flow of wealth (Qinglian, 2001). Such networks are rooted in regional loyalties, family relationships, friendships and other ties. At the heart of this network, the central position is occupied by large and powerful firms or individuals that have strong and direct connection with the government. For example, according to Gibson (2001), "Russian culture is characterized by broad, porous, and politically relevant interpersonal networks" (2001: pp. 51). Similarly, Gratchev, Rogovsky & Rakitski (2001) report that the economic environment in Russia is dominated by state and large corporations. The whole economy is run by a small group of financial and industrial giants that have enough power to dictate legislation to the state according to their interest. This bureaucratic arrangement has resulted in a "bureaucratic-administrative business culture... and lack of management expertise and skills" (Luthans et al, 2000: 96). As the economies open up, new firms that are interested in joining the block have to rely on some form of connection to the old system, in order to get access to resources and client base (Sedaitis, 1998). As a consequence, firms find themselves in a dense network of relationships that encourage corruption and restrict growth.

# 2.2. Motivation Theories

Motivation is defined as "the study of action" (Eccles and Wigfield, 2002). According to motivation theories, motivation is driven by a variety of factors such as self-efficacy, goals, external coercion, rewards and punishment, desire to express a cherished identity, perceived value of an activity, and commitment to action (Ryan and Deci, 2000; Eccles and Wigfield, 2002).

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While there are several motivation theories that have emerged from various backgrounds the focus of the current study is on needs theories and self-efficacy theory of motivation, since both needs and self-efficacy have been identified as powerful predictors of human behavior. Moreover, motivation researchers have stressed upon the need to study the role of volition in actions (see Eccles and Wigfield, 2002; Locke and Latham, 2004). Thus, the present study also incorporates the construct of volition as an individual-level determinant of network building behaviors of leaders.

The basic tenet of need theories of motivation is that individuals are motivated to engage in behaviors that can satisfy their internal needs. For example, Maslow's Need Hierarchy theory (Maslow, 1943), suggests that individuals tend to have five levels of needs which are ranked on a hierarchy ranging from basic, lower-order to higher-order needs -- physiological, safety and security, social, esteem, and self-actualization. According to Maslow, ungratified needs influence behavior, and lower order needs should be satisfied before people develop higher order needs. McClelland's acquired needs theory focuses only on three higher order needs that can be acquired or learned— achievement, affiliation, and power (McClelland, 1961 & 1965). Alderfer's ERG theory, in comparison to Maslow's theory, provides a more parsimonious and flexible approach to understanding human behavior, and identifies three needs basic needs— existence, relatedness, and growth, which, according to the author, can exist simultaneously (Alderfer, 1969 & 1972).

Need theories of motivation are applicable to studying networking behaviors of leaders because insights from social network theory literature suggests that engaging in networking relationships can satisfy leaders' security, social (or affiliation/ relatedness), esteem, growth, and achievement needs. According to social network theory, networking ties that have high levels of informational diversity as well as high levels of trust can: (a) play a critical role in guiding individuals under conditions of uncertainty and hence satisfy their security and social needs, (Coleman, 1988; Abrahamson and Rosenkopf, 1997; Kraatz, 1998; Gargiulo and Benassi, 2000), and (b) serve as mechanisms for generating information and knowledge that can result in performance effectiveness, thereby satisfying individuals' esteem, growth, and achievement needs (Granovetter, 1972 and 1983; Kogut, 1988; Hamel, 1991; Burt 1992 and 1997; Hansen, 1999; Gargiulo and Benassi, 2000).

While a variety of factors can provide individuals with motivation to act, self-efficacy is believed to be one of the most powerful predictors of behavior. Self-efficacy is defined as an individual's beliefs or confidence about his or her abilities to execute courses of action required to accomplish a task (Bandura, 1997; Stajkovic and Luthans, 1998). Such beliefs provide individuals with a motivation to act. Individuals high on self-efficacy believe that they have the ability and resources to succeed at a specific task (Brown, Ganesan, and Challagalla, 2001). Such individuals tend to invest greater effort in their pursuits and tend to persevere

longer in the face of challenges. They believe in their ability to manage threats and challenging situations, and challenging goals raise their motivation and perseverance to achieve what they desire. On the other hand, individuals low in self-efficacy tend to avoid pursuing activities in which they doubt their capabilities. They usually doubt their own capabilities to face challenges and obstacles and tend to avoid facing taxing and challenging situations, and even tend to magnify possible risks involved in such situations (Bandura, 1999; Jex and Bliese, 1999).

One of most prominent developments in motivation literature was the introduction of the concept of volition (Kuhl, 1987; Bagozzi et al, 1998; Eccles and Wigfield 2002; Ghoshal and Bruch, 2003). Volition encompasses both "the strength of will needed to complete a task and the diligence of pursuit" (Eccles and Wigfield, 2002: 126). It goes a step beyond motivational state in the sense that it includes a directive component, such as committing oneself to an action and planning activities to achieve the desired objectives (Brown et al, 1997). Volition may constrain or facilitate a person's intentions and thereby impact their ability to activate their own willpower in order to act upon their beliefs and achieve what they want to achieve. According to Ajzen (1991), "a behavioral intention can find expression in behavior only if the behavior in question is under volitional control" (p. 181). A study by Ghoshal and Bruch (2003) suggested that volitional managers tend to focus all their effort on achieving their desired goals, and in doing so, they block out all the contradictory information that may get in the way of achieving what they want to accomplish.

# 2.3. Effects of Institutional Background on Network Building Behaviors of Leaders

Social and political institutions of a nation are both "expressions of the nation's culture (or value premise) and predictors of its firms' administrative heritage (Lubatkin et al, 1998: 671)." The primary socialization theory describes the process in which managers internalize aspects of their institutional environments. According to the theory, individuals construct their reality based on what they internalize during their early formative years (Calori et al, 1997; Lubatkin et al, 1998; Burt et al, 2000) and "educational institutions cause a convergence of beliefs, values and routines during members' formative years that become internalized ('how things ought to be') and then institutionalized ('how things ought to be done') into a set of routines that distinguish the administrative practices of one nation from other nations (Calori et al, 1997: p.693; see also Laurent ,1983; Ralston and Holt, 1997).

While many Western managers have benefited extensively by maintaining professional social networks with their counterparts, little is known about whether the Western-based concepts of networking can be applied to the Post Soviet countries. According to Galaskiewicz, "analyzing professional occupational groups as a social network has a long tradition in the sociology of work and occupations

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and the sociology of knowledge... the network imagery is appealing, because professionals supposedly have considerable work autonomy and are well insulated from bureaucratic controls (1985: p.639)". However, considering the bureaucratic arrangement of countries from transitional economies, one may be led to accept that the concept and purpose of networking may differ in different institutional contexts.

The institutional environment of Post Soviet countries, in particular, is characterized by uncertainty, and is deeply rooted in bureaucracies, where, in past, ruling elites and authority figures held the reigns of the whole society and suppressed personal initiative and freedom (Puffer and McCarthy, 1995; De Vries, 2000). This type of arrangement may not facilitate formation of knowledge-based ties, as people are accustomed to being confined within their own place and boundaries in a chain of bureaucratic control (Burt et al, 2000: p. 129). However, at the same time, in the absence of efficient formal institutions, Post Soviet societies also have the tradition of relying on social support in order to face challenges and uncertainty that are prevalent in their environment. A few authors have referred to such personal networks in Russia as blat (cf. Ledeneva, 1998; Michailova and Worm, 2003), which is comparable to the Chinese concept of guanxi (Luo, 1997). According to Ledeneva (1998), during the socialist regime, membership in blat was a matter of survival versus that of choice. The network system included the notions of 'sharing', 'helping out', 'mutual care', 'friendly support', and so forth, and emphasized anti-individualistic attitudes. Russians typically do not distinguish between personal friends and business relations (Salmi, 2000; Meyer, 2001). Social activities are a part of business dealings, arising out of cooperative value systems, distrust towards strangers, and the tradition of blat (Ledeneva, 1998). Moreover, socio-cultural environment of the Post Soviet countries is characterized by high levels of collectivism, and according to cross-cultural literature (e.g. Hofstede, 1980, 1991; Triandis, 1989; Luo, 1997), collectivist societies have the tradition of relying on social support in order to face challenges and uncertainty prevalent in their environment. In such societies, socialization is mostly relationship-based, even if it is for commercial purposes. Additionally, people from collectivist societies tend to build intimate relationships with their small in-groups, as opposed to maintaining less-emotional relationships with many other individuals, because collectivists have a greater preference for maintaining social harmony and forming relationships with emotional bonding (Triandis, 1989), with less distinction between primary and friendship ties (e.g. Bozionelos and Wang, 2006).

Therefore, we propose that in the Post Soviet societies, expressive or friendship-based ties are more common, and can satisfy the security and social needs of the Post-Soviet leaders, than the type of emotionally detached, knowledge-based ties that Western managers are accustomed to building and maintaining, and Post Soviet leaders are more likely to rely on intimate and multiplex ties in order to meet the demands of the environment than their Western counterparts.

In the United States, "women hold more than 40 percent of the administrative and managerial jobs" (Richard, et al., 2004). Men and women are accustomed to working together side by side. On the other hand, in societies with high gender differentiation, men and women are expected to play different roles in the society (Bu and Roy, 2008). In the Post Soviet societies, the Marxist ideology attributed the position of "worker mothers" to women, who were expected to perform their traditional domestic roles, while men had the responsibility of serving as leaders, managers, soldiers, and workers, without being expected to contribute to the domestic realm (Ashwin, 2002). Thus, we also propose that male leaders from the Post Soviet region have greater preference to form homophilious ties than female leaders from the region. As such, we propose that Post Soviet male leaders may not perceive having ties with female leaders as a source of achieving social capital benefits, and, instead, prefer to satisfy their esteem, growth, and achievement needs by forming networking relationship with other male leaders. On the other hand, based on the similarity-attraction concept, while female leaders may form ties with other female leaders to address their safety and security needs (see also Napier and Taylor, 2002), they are also likely to form networking relationships with male leaders in order to obtain social capital benefits that cannot be provided to them by their female counterparts who are not offered the same status and benefits in their societies as their male counterparts. As such, female leaders would also seek to form networking ties with male leaders in order to address their esteem, growth, and achievement needs. Thus, it can be argued that the relationship between cultural background and gender homophily tends to be more salient for male leaders than for female leaders.

Hypothesis 1: Leaders are influenced by their institutional background such that when given opportunity to participate in professional networks, compared to their counterparts from the United States,

Hypothesis 1a: Leaders from Post Soviet countries have lower frequency of contacts in their knowledge-based networks, and higher frequency of contacts in their friendship networks,

Hypothesis 1b: leaders from Post Soviet countries have higher levels of multiplex ties between their knowledge-based and friendship networks,

Hypothesis 1c: leaders from Post Soviet countries have a higher proportion of intimate ties in their knowledge-based and friendship networks, and

Hypothesis 1d: male leaders from Post Soviet countries have a higher level of gender homophily in their knowledge-based and friendship networks.

# 2.4. Moderating Effects of Individual-level Factors

As seen in Figure 1, based on insights offered by motivational theories, our model also suggests that the level of influence that the institutional environment of

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individuals can have on their network building behavior depends upon leaders' volitional tendencies and networking efficacy.

### 2.4.1. Volition

An individual-level attribute that may constrain or facilitate a person's intentions is one's ability to activate their own willpower in order to act upon their beliefs and achieve what they want to achieve, which is formally known as volition (Kuhl, 1987; Ghoshal and Bruch, 2003; Eccles and Wigfield 2002; Bagozzi et al, 1998). Volition is important in a social network context for two reasons. First, the formation and maintenance of networks are time-consuming and stressful tasks (Mehra, Kildruff, and Brass, 2001). Therefore, the extent to which persons actually do build networks is determined in part by whether or not they have the ability to handle the level of hard work required to actually form and maintain such networks. When the acquired individual attributes conflict with the situationally endorsed beliefs, individuals face the increasingly challenging task of selecting from the options of either choosing the identity imposed upon them by their environment as the basis for their action, or some other identity that they have acquired (Tajfel and Turner, 1986; Ashforth and Mael, 1989; Salk, 1996/7; Salk and Brannen, 2000; Sackmann and Phillips, 2002). Therefore, a second reason why volition is important is that a great amount of drive and willpower are required for individuals to handle multiple identities simultaneously and to act consistent with both their ascribed and acquired identities.

The Post Soviet countries are experiencing massive changes in their environment, the result of which has been a lot of uncertainty and a lot of pressure on the leaders who have to deal with the uncertainties surrounding them, as well as to adjust to the new system and environment that has been emerging (North, 1990; Ardichvili and Gasparishvili, 2001). Volition becomes particularly important in converting networking preferences of leaders from the Post Soviet countries into actual network building behavior. This is because the business environment in the region is such that having and maintaining networking relationships is very important but also requires a lot of hard work. Therefore, leaders may not always be able to act upon their goals and preferences. For the leaders to maintain networking relationships beyond those political relationships needed in order to survive in an environment that relies heavily on political connections, they must exert a great amount of effort in doing so. As the leaders get busy in managing the challenges surrounding them, even those individuals who like to learn and grow may not be fully able to act upon their goals and preferences. Thus, maintenance of effective networks characterized by high frequency of knowledge-based ties, high intimacy, and low multiplexity, requires an additional amount of effort, hard-work, and will power on the part of Post Soviet leaders. It is therefore proposed that:

Hypothesis 2: Individual volitional tendencies moderate the effect of institutional background on leaders' network building (a) frequency, (b) multiplexity, and (c)

intimacy, such that the effect of institutional background is attenuated when the leader has higher volitional tendencies.

# 2.4.2. Networking Efficacy

As mentioned earlier, self-efficacy, believed to be one of the most powerful predictors of behavior, is defined as an individual's beliefs or confidence about his or her abilities to execute courses of action to accomplish tasks (Bandura, 1997). Such beliefs provide individuals with a strong motivation to act. Scholars have distinguished between specific self-efficacy and general self-efficacy (Stajkovic and Luthans, 1998a, Stajkovic and Luthans, 1998b; Luthans, 2005). General self-efficacy is like a personality trait that is not tied to specific situations or tasks but can be generalized across a variety of different situations, while specific self-efficacy refers to situation and task specific cognition (Stajkovic and Luthans, 1998b). Examples of such situation specific self-efficacy include social self-efficacy, which is defined as an individual's beliefs about his or her ability to deal effectively with others and handle himself well in social situations (Sherer et al., 1982), culture self-efficacy, or an individuals's belief regarding his/her ability to manage situation involving cultural diversity (Briones, et al., 2009), and participation efficacy, defined as individuals' beliefs in their ability to participate in a decision-making process (Lam, Chen, and Schaubroeck, 2002). Drawing on the definition of specific self-efficacy, we define networking efficacy as the extent to which an individual believes that he or she has the ability to form effective networking relationships and derive benefits from such relationships.

Leaders high on networking efficacy tend to have confidence in their own abilities to form effective networking relationships and tend to utilize networking opportunities in order to take advantage of benefits they believe they can gain from such relationships. They are therefore, more likely to build effective networking relationships characterized by high frequency of knowledge-based ties, high intimacy, and low multiplexity. On the other hand, individuals low on networking efficacy will tend to hold back on utilizing such opportunities due to their lack of belief regarding potential benefits they could derive from such opportunities, and their lack of confidence in their ability to maintain and manage networking relationships.

It was argued earlier that for leaders from the Post Soviet countries, maintaining knowledge-based networking relationships could be a challenging task since it requires them to invest time and effort in maintaining such relationships, in a challenging environment. However, when the leaders believe that they have the ability to handle the challenge of maintaining knowledge-based networking relationships and derive benefits from such relationships, that is, when they have high networking efficacy, they will be free from cognitive distractions, stress and anxiety associated with acting upon their personal preferences that may not be compatible with the institutionally ascribed norms. In contrast, leaders who have

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low levels of networking efficacy may not be willing to put in time and effort required to maintain effective networking relationships. Therefore, it is proposed that:

Hypothesis 3: Individual networking efficacy moderates the effect of institutional background on leaders' network building (a) frequency, (b) multiplexity, and (c) intimacy, such that the effect of institutional background is attenuated when the leader has higher networking efficacy.

# 3. Methodology

# 3.1. Sample

The 90 respondents in the study came from three sources. The sample of 45 Post Soviet leaders (20 male and 25 female) was drawn from 2 sources: (1) the Central Eurasian Leadership Academy (CELA) leadership development program, and (2) British Alumni Association of Armenia (BAA). The United States sample of 45 leaders (22 male and 23 female) was drawn from the Management Faculty of Color Association (MFCA). All respondents volunteered to take part in the study.

CELA is a first-of-its-kind undertaking of the Society of International Business Fellows (SIBF), a network of business leaders based in Atlanta, Georgia (USA), of which the second author is a member. The Program is an on-going, multi-year effort that seeks to train a comparable number of mid-career leaders each year over a 10-year period. Reflected in CELA's mission is the goal of "building a new transnational network of forward-thinking business and political leaders who can help enhance regional cooperation, security, and prosperity" (EastWest Institute, 2002). Each year, an equal number of men and women participants are chosen from the eight countries of the Central Eurasian region, the five Central Asian countries of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, and the three Caucasus countries of Armenia, Azerbaijan, and Georgia. The participants are all professionals who represent the next generation of leaders in their nations and are drawn from a broad spectrum of society, including private business, government, civil society, media, education, and non-governmental organizations (NGOs). We administered our survey to 40 participants from the class of 2004, approximately one year after the class, in order to provide time for these rather recent participants to begin to be integrated into the CELA network. Twenty participants responded to the survey, giving us a response rate of 50% for this source.

Founded in 2001 as a networking organization for Armenian citizens and residents who graduated from British universities since 1991, BAA is a non-profit, membership-based organization with a goal to "leverage the skills and experience of young Armenian specialists from varied academic and professional backgrounds to speed economic, political, and social development in Armenia... BAA's goal is to assist these returning professionals to best utilize their newly gained skills for the

benefit of all Armenia " (BAA website: www.baa.am/old/home.htm). The survey was distributed to 80 BAA members of Armenian origin, who resided in, and had established careers in Armenia. Twenty-five members responded to the survey, giving us a response rate of approximately 32% for this source.

MFCA was also founded in 2001, with a vision to promote "the highest level of excellence and scholarship" amongst African-American, Hispanic American, and Native American business management tenure-track faculty members from across the United States by providing them opportunities for professional development, networking, mentoring and social activities (MFCA website: www.mgtfacultyofcolor.org). The association was founded as an extension of the PhD project that "conducts a nationwide marketing campaign- identifying minorities willing to leave their corporate jobs, return to academia to earn a Ph.D., and become business professors... They get all the information they need to make the transition from business to academia" (PhD Project, 2003: p. 10). A majority of the members of the MFCA association had been participants of the PhD project, and, as such, had five to fifteen years of work experience in the corporate world, many in managerial positions or as consultants in both the private and public sectors, prior to starting their Ph.D. degrees or their faculty careers. The survey was distributed to 75 MFCA members, out of which 45 responded, giving us a response rate of 60% for the U.S. sample.

Except for language differences between U.S. and Post-Soviet participants, all three samples of participants were similar with respect to years of experience, average age, and educational attainment. At least 30% of CELA and BAA participants were holders of M.D. or Ph.D. degrees, or the equivalent of a J.D. degree.

### 3.2. Measures

A detailed socio-metric questionnaire was designed to measure constructs associated with leadership style, volition, networking efficacy, and network building behavior. A list of items included in the survey to measure the variables used in the current study is available from the authors upon request.

# 3.2.1. Independent variables

Institutional background was conceptualized as a dummy variable with a value of 1 assigned to leaders from the Post Soviet countries, and 0 to the United States leaders. Respondents were asked to rate, on a Likert scale ranging from one (representing strongly disagree) to seven (representing strongly agree), several items to capture their volitional and networking efficacy levels. Six items were used to measure Volition. These items were adapted from a scale designed by Brown, Cron and Slocum (1997). Volition was calculated as a summation of the responses to these items. Networking Efficacy was a composite measure of three items that were adapted from a social efficacy scale designed by Sherer, et al. (1982).

# 3.2.2. Dependent variables (Network measures)

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The survey participants were asked to provide detailed information regarding their knowledge-based and friendship networking ties with other participants. The participant was asked to list names of up to five people from within their respective networks from whom they sought work-related advice, and five people from their networks from whom they sought advice or support for personal or non-workrelated matters. For each of the reported contacts, the respondents were asked to specify the frequency of contact and the level of closeness of relationship. Frequency of individual's work and friendship ties was calculated as a sum of the frequency data obtained for each focal individual. Following Ibarra (1995), Multiplexity, or the degree of overlap between an individual's work and friendship networks was calculated by examining respondents' responses for knowledgebased and friendship network contacts in pairwise fashion. The number of overlapping pairs listed by each respondent was multiplied by two and divided by the total number of names listed for the two types of networks. Intimacy was calculated as the proportion of "close" and "especially close" ties reported by a focal person. That is, the number of close and especially close ties listed by each respondent for each type of network was divided by the total number of names listed for each network.Gender Homophily measure was derived as the proportion of same-gender contacts reported by each respondent. Following Mollica et al. (2003), the following formula was used to calculate homophily:

where a is the number of same-gender ties a person cited, b the number of cross-gender ties a person cited, c the number of same-gender ties that could have been cited but were not, and d the number of cross-gender ties a person could have cited but did not.

## 3.2.3. Control variables

We had obtained information regarding gender and organizational position for all the members of each of the networks. The survey participants were also asked to list the year they had joined their respective networks (membership length). These variables were controlled for in order to make sure that knowledge-based and friendship affiliations were not based on demographic similarity or convenience.

Individual leadership style was measured by using an 18-item transformational-transactional leadership scale designed by Warner Burke (Burke, 1988). The scale measures individual disposition for transformational or transactional leadership. Both the alternative choices are worded positively, to minimize social desirability concerns. The instrument has been discussed in detail by Sashkin and Burke (1990). Leadership style was included as a control variable and coded as a dummy variable, with a value of 1 assigned to transformational leaders and, and 0 to non-

transformational or transactional leaders. Leadership style was controlled for in order to be able to better interpret the results due to institutional background.

# 3.4. Analysis

Hierarchical regression technique was used to test the hypotheses. Control variables were first added in step 1. In step 2, the main effect of institutional background was added, followed by the individual level variables, and the interaction terms in step 4. Since one of the network variables, frequency, is a count -type variable, data on this discrete variable was analyzed using Poisson regression model (Gujarati, 2003). For the remaining three continuous dependent variables — multiplexity, gender homophily, and intimacy — ordinary-least-squares (OLS) regression analyses were used.

## 4. Results

Table 1 presents Pearson correlations and descriptive statistics of the variables used in the study. None of the correlations is high enough to create multicollinearity concerns. Tables 2 and 3 present results of hierarchical regression analyses undertaken to test the hypotheses.

Hypothesis 1a suggested that leaders from Post Soviet countries tend to have lower frequency of ties in their knowledge-based networks, and higher frequency of ties in their friendship networks, than their Western counterparts. The coefficient of institutional background is positive and significant only for friendship networks. Thus, Hypothesis 1a is supported for friendship networks but not for knowledgebased networks. The results also indicate that the coefficient of institutional background variable for multiplexity is positive, but significant at only p<0.1, thus providing only marginal support for Hypothesis 1b which predicted that Post Soviet leaders tend to have more multiplexity between their knowledge-based and friendship networks than the U.S. leaders. Hypothesis 1c, which predicted that Post Soviet leaders tend to have higher levels of intimate ties in their networks than their Western counterparts, is supported only for knowledge-based networks, since the sign of the institutional background variable for friendship networks is in opposite direction to the prediction. Hypothesis 1d proposed that male leaders from Post Soviet countries will have a higher level of gender homophily in their knowledge-based and friendship networks than their Western counterparts. The results shown in Tables 2 and 3 suggest that the male participants from Post Soviet countries had significantly greater gender homophily in their knowledge-based and friendship networks than the male participants from the United States, while the female participants from the two samples did not demonstrate significant differences in their preference for gender homophily. Thus, Hypothesis 1d was supported for knowledge-based networks and marginally supported for friendship networks. Hypotheses 2 and 3 proposed that the relationship between institutional background and network measures will be moderated by individuals' volitional

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(Hypothesis 2) and networking efficacy (Hypothesis 3). The results indicate that the coefficients of the interaction term between institutional background and volition are significant for both knowledge-based and friendship network frequencies. In order to evaluate the nature of the moderating effect as proposed by hypothesis 2a, the interaction effect of institutional background and volition was plotted on frequency<sup>2</sup>.

**Table 1: Descriptive Statistics and Correlation Matrix** 

		_	_			_			_		
	1	2	3	4	5	6	7	8	9	10	11
1											
2	0.135										
3	-0.022	0.297**									
4	-0.366**	-0.071	0.023								
5	-0.156	0.097	0.118	0.140							
6	0.304**	0.119	-0.037	0.090	0.023						
7	0.091	0.204	0.185	0.044	0.225*	0.307**					
8	-0.028	0.082	-0.071	.334**	0.176	0.408**	0.181				
9	0.174	0.014	240*	0.094	0.084	0.451**	0.094	0.586**			
10	0.323**	-0.045	-0.128	0.150	0.138	0.338**	0.026	0.400**	0.405**		
11	-0.129	-0.06	-0.19	0.280**	-0.053	0.164	-0.011	0.323**	0.518**	0.331**	
12	0.111	-0.039	-0.225*	-0.027	0.083	0.219*	-0.102	0.289**	0.407**	0.503**	0.444**
* p<	0.05		** p<0.01								

Variables	Cronbach α	N	Min	Max	Mean	S.D.
1. Institutional Background		90	0	1	0.50	0.50
2. Gender		90	0	1	0.42	0.50
3. Position		90	0	1	0.43	0.50
4. Membership Length		90	0	6	2.91	1.47
5. Leadership Style	0.845	90	0	1	0.52	0.50
6. Volition	0.905	90	6	42	21.34	8.71
7. Networking Efficacy	0.567	90	1	6.67	4.54	1.10
8. Frequency , knowledge-based		90	0	60	23.31	17.43
9. Frequency , friendship		90	0	60	23.78	19.49
10. Intimacy, knowledge-based		90	0	1	0.67	0.35
11. Intimacy, friendship		90	0	1	0.69	0.41
12. Multiplexity		90	0	1	0.41	0.34

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 $<sup>^{2}</sup>$  The plots of the significant interaction effects for hypotheses 2 and 3 are available from the authors upon request.

**Table 2: Regression Results for Knowledge-Based Networks** 

Variables	a. Frequency	b. Multiplexity with Friendship Network	c. Intimacy	d. Gender	Homophily <u>Female</u>
Controls					
Gender	0.137**	0.0085	-0.031	N/A	N/A
Position	-0.199***	-0.145 <sup>+</sup>	-0.103	-0.007	-0.013
Membership Length	0.141***	-0.008	0.058*	0.007	-0.002
Leadership Style	0.210***	0.091	0.131*	0.014	-0.016
Independent Variables					
Contextual Variable:					
Institutional Background (IB) (H1)	0.114	0.637	1.291***	0.178**	-0.039
Individual-level Variables:					
Volition	0.047***	0.009	0.013*	-0.005	0.000
Networking Efficacy	-0.087**	0.014	0.047	0.035	-0.007
Interaction Terms					
IB * Volition (H2)	-0.045***	-0.002	-0.017*	N/A	N/A
IB * Networking Efficacy (H3)	0.201***	-0.123 <sup>†</sup>	-0.143*	N/A	N/A
Analysis	Poisson	OLS	OLS	OLS (Subgroup Analysis)	
R <sup>2</sup>	0.226 (Psuedo)	0.086 (Adjusted)	0.316 (Adjusted)	0.184 (Adjusted)	-0.079 (Adjusted)
<sup>+</sup> p<0.1	* p<0.05	**p<0.01	*** p<0.001	·	

**Table 3: Regression Results for Friendship Networks** 

	a. Frequency	b. Multiplexity with Knowledge	c. Intimacy	d. Gender Homophily	
Variables		Network		<u>Male</u>	<u>Female</u>
Controls					
Gender	0.038	0.0085	0.021	N/A	N/A
Position	-0.411***	-0.145 <sup>+</sup>	0.046	0.015	0.013
Membership Length	0.042**	-0.008	-0.031 <sup>+</sup>	-0.074*	0.036
Leadership Style	0.173***	0.091	-0.049	0.019	0.013
Independent Variables					
Contextual Variable:					
Institutional Background (IB) (H1)	1.198***	0.637 <sup>+</sup>	-0.837***	0.053 <sup>+</sup>	0.037
Individual-level Variables:					
Volition	0.045***	0.009	-0.010*	0.000	0.000
Networking Efficacy	0.066 <sup>†</sup>	0.014	-0.080	-0.018	0.013
Interaction Terms					
IB * Volition (H2)	-0.020***	-0.002	0.012*	N/A	N/A
IB * Networking Efficacy (H3)	-0.117**	-0.123 <sup>†</sup>	0.081*	N/A	N/A
Analysis	Poisson	OLS	OLS	OLS (Subgroup Analysis)	
R <sup>2</sup>	0.259 (Psuedo)	0.086 (Adjusted)	0.303 (Adjusted)	0.115 (Adjusted)	-0.026 (Adjusted)

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The results indicate that the frequency of knowledge-based and friendship networks is higher for the Post Soviet leaders with high volitional tendencies than the Western and the Post Soviet leaders with low volitional tendencies. Thus, hypothesis 2a is supported. The insignificant coefficient for the interaction term between institutional background and volition indicates that the moderating effect of volition in the institutional background - multiplexity relationship as proposed by hypothesis 2b is not supported. The results indicate that the moderating role of volition in institutional background -intimacy relationship as proposed by hypothesis 2c is significant for both knowledge-based and friendship networks. The results of plotting the interaction effect indicated that the Post Soviet leaders tend to have greater levels of intimate ties in their knowledge-based networks than the U.S. leaders; the U.S. leaders with high volition tend to form a greater proportion of intimate ties in their knowledge-based networks than the U.S. leaders with low volition, but the opposite is true for the Post Soviet leaders. On the other hand, the Post Soviet leaders with high volition have a higher proportion of ties in their friendship networks than Post Soviet leaders with low volition, but the opposite is true for the U.S. leaders. Thus, we only found partial support for hypothesis 2c.

The moderating role of networking efficacy in the relationship between institutional background and various measures of network building behavior as proposed by hypothesis 3 was significant for frequency (Hypothesis 3a), multiplexity (Hypothesis 3b), and intimacy (Hypothesis 3c). The results suggested that compared to leaders with low networking efficacy, Post Soviet leaders with high networking efficacy tend to have greater frequency of contacts in their knowledge-based networks but lower frequency of contacts in their friendship networks. Therefore, hypothesis 3a is supported for knowledge-based networks but not for friendship networks. The results for the multiplexity dependent variable suggested that Post Soviet leaders with high efficacy tend to build fewer multiplex ties than Post Soviet leaders with low networking efficacy as predicted, but these leaders also tend to build greater multiplex ties than the U.S. leaders with low networking efficacy. Thus, hypothesis 3b is partially supported. The results for the intimacy dependent variable indicated that the Post Soviet leaders with high networking efficacy tend to build a higher proportion of intimate ties in their knowledge-based networks than the Post Soviet leaders with low networking efficacy as well as the U.S. leaders. Also, the Post Soviet leaders with high networking efficacy tend to have higher levels of intimacy in their friendship networks than Post Soviet leaders with low networking efficacy, but lower levels of intimacy than U.S. leaders. Thus, hypothesis 3c is supported for knowledge-based networks, but only partially supported for friendship networks.

# 5. Discussion and Conclusion

The results obtained in the current study suggest that while institutional background plays some role in affecting network building behavior of individuals,

individual-level variables such as volition and networking efficacy moderate the effect of institutional background on network building behavior. Moreover, while we did not hypothesize direct effects of individual level variables in the current study, Tables 2 and 3 suggest that volition had significant direct effects on frequency and intimacy; additionally, networking efficacy had significant direct effect on frequency, while the transformational leadership style control had significant direct effects on frequency and intimacy.

The results of the current study have many implications for the leadership development endeavors that are being undertaken by a number of Western organizations, in order to prepare the leaders and managers of the region to guide their firms in facing and meeting the challenges and gaining advantage of opportunities that surround them. All of our data sources, CELA, BAA, and MFCA, are examples of professional organizations that focus on encouraging leaders to build knowledge-sharing professional networks. Based on the insights provided by the current study, we propose that such organizations should not only focus on teaching their members the importance of building such relationships, but should also focus on developing qualities such as networking efficacy, effective leadership, and strong volitional tendencies which could help them to build and use such relationships more comfortably (see Barling et al, 1996 for an empirical study of a transformational leadership training program; see also Ghoshal and Bruch, 2003 for examples of techniques for developing strong volition tendencies).

Notwithstanding the contributions made, the current study has limitations that should be addressed in future research on the topic. While our samples clearly consisted of leaders who lived and worked in two very different institutional backgrounds, we are hesitant to make any generalizations to larger populations and/or other settings; therefore, the results of the study should be interpreted with caution. First, due to the difficulty of obtaining data from a region undergoing major transformation, we were unable to generate a large sample of respondents and had to group participants from two different network organizations in Central Eurasia into one sample. That is, the sample was admittedly small and was insufficient to examine the issues country by country. These are issues that should be addressed in future studies as well as a need to replicate the present study with a larger and more representative sample of participants from across the Post Soviet region as well as the United States. The Post Soviet leaders in our sample represented the next generation of leaders in their nations. While the sample may not be representative of all leaders from the region, they represent an important group of a rapidly growing segment of the emerging generation of leaders from the region (Puffer, McCarhty, and Naumov, 1997).

While the model presented in the present paper suggested that the relationship between individuals' institutional backgrounds and their actual networking abilities is affected by individual capability constraints, future researchers should also examine the effects of environmental constraints such as availability of networking

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opportunities in the environment, environmental hostility and uncertainty, and other factors that might also moderate the relationships between institutional background and networking outcomes. We used gender as a source of in-group identification for the purpose of computing homophily measures for the participants of the current study. The effects of other group memberships such as ethnicity, religion, or status can also serve as a source of in-group identifications amongst individuals. These alternative measures of homophily should be explored in future research on the topic.

This study is a first attempt at integrating the social network and motivation literatures to investigate the role of institutional background and individual volitional tendencies and networking efficacy on networking behavior of leaders from two different institutional backgrounds. We encourage future researchers to test the proposed model on larger samples of leaders from different institutional backgrounds, as well as extend the proposed model to examine how network building behaviors of leaders from different institutional environments may affect their performance or career outcomes within the specific context of their institutional environments.

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