Fitting In or Standing Out? The Tradeoffs of Structural and Cultural Embeddedness

Amir Goldberg et al., 2016

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Research Question or the Puzzle...

The challenge of balancing social belongingness with differentiation.

Or the *fitting-in-versus-standing-out* tension.

Motivation

The Problems/Tradeoffs of Embeddedness (Granovetter 1985)

Motivation (Cont.)

Two approaches to this problem:

- Structural embeddedness (structural hole v. closure)
- Cultural embeddedness (conformity v. distinctiveness)

But these two lines of scholarship have remained largely disconnected from one another.

The Goal

Building upon the work by Zukin and DiMaggio (1990), the authors fuse structural and cultural perspectives to develop a theory to explain how brokerage and cultural fit jointly relate to individual attainment within organizations.

The argument

Organizational members can resolve the dual pressures to fit in with and stand out from others by offsetting the advantages (and downsides) of structural embeddedness against those of cultural embeddedness.

Two dimensions of Embeddedness

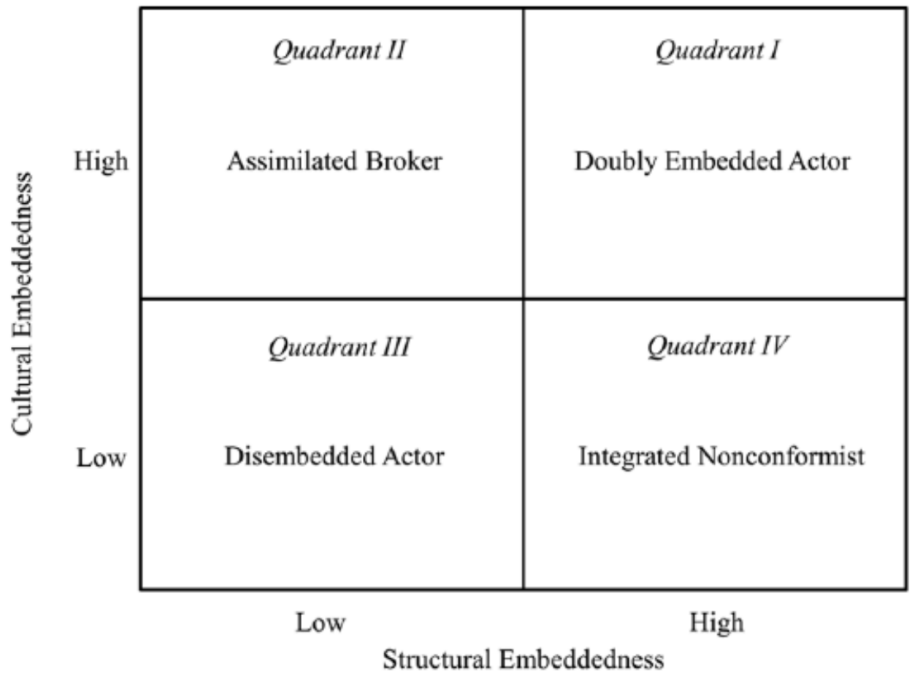

Figure 1. Two Dimensions of Embeddedness

The Hypotheses

Baseline Hypothesis 1: Employees with higher levels of structural embeddedness will experience lower levels of attainment.

Baseline Hypothesis 2: Employees with higher levels of cultural embeddedness will experience higher levels of attainment.

Main Hypothesis: There will be a tradeoff between the two forms of embeddedness such that (1) cultural fit will promote (inhibit) attainment for individuals with low (high) network constraint, and (2) network constraint will promote (inhibit) attainment for individuals with low (high) cultural fit.

Methodology

- Data: A mid-sized tech firm with 601 full time employees in 2009-2014; email exchange data with 10.24 million messages
- Dependent Vars: Attainment
  1. Involuntary Exit
  2. Favorable rating
- Independent Vars:
  1. Burt's Network Constraint

$$C_i = \sum_j (p_{ij} + \sum_q p_{iq} p_{qj})^2$$

  2. Cultural Fit

$$CF_{it} = -ln(JS(O_{it}||I_{it}))$$

where

$$JS(O||I) = \frac{1}{2} KL(O||M) + \frac{1}{2} KL(I||M), M = \frac{1}{2}(O + I)$$

where

$$KL(O||I) = \sum_{\iota \in \tau} O(\iota) ln \frac{O(\iota)}{I(\iota)}$$

Methodology (cont)

Ituitively, i's cultural fit measures the extent to which the semantic categories in her outgoing messages corresponding to the categories in her incoming messages.

The more emails she sends that exhibit different stylistic, topic, and emotional characteristics than the ones she receives, the lower her cultural fit.

Methodology (cont)

1. Cox proportional hazard model to model the rate of involuntary exit
2. Fixed-effects conditional logit models to fit favorable rating.

Results

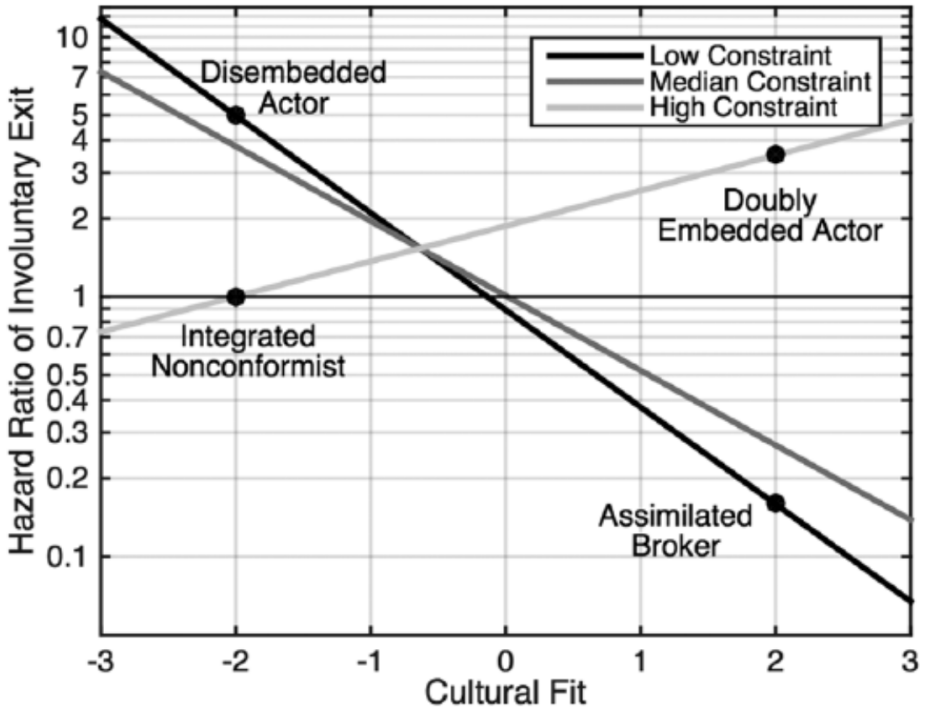

Figure 3. Marginal Effect of Cultural Fit on the Hazard Ratio of Involuntary Exit, at Varying Levels of Network Constraint

Note: The *x*-axis represents the number of standard deviations a person is from the mean level of cultural fit. Low constraint corresponds to the 10th percentile, and high constraint to the 90th percentile. Hazard ratios are calculated relative to an individual with mean values for all control variables. The *y*-axis is logarithmically scaled. For illustration, we identified positions that correspond to the four ideal types of actors in our framework.

Results (cont)

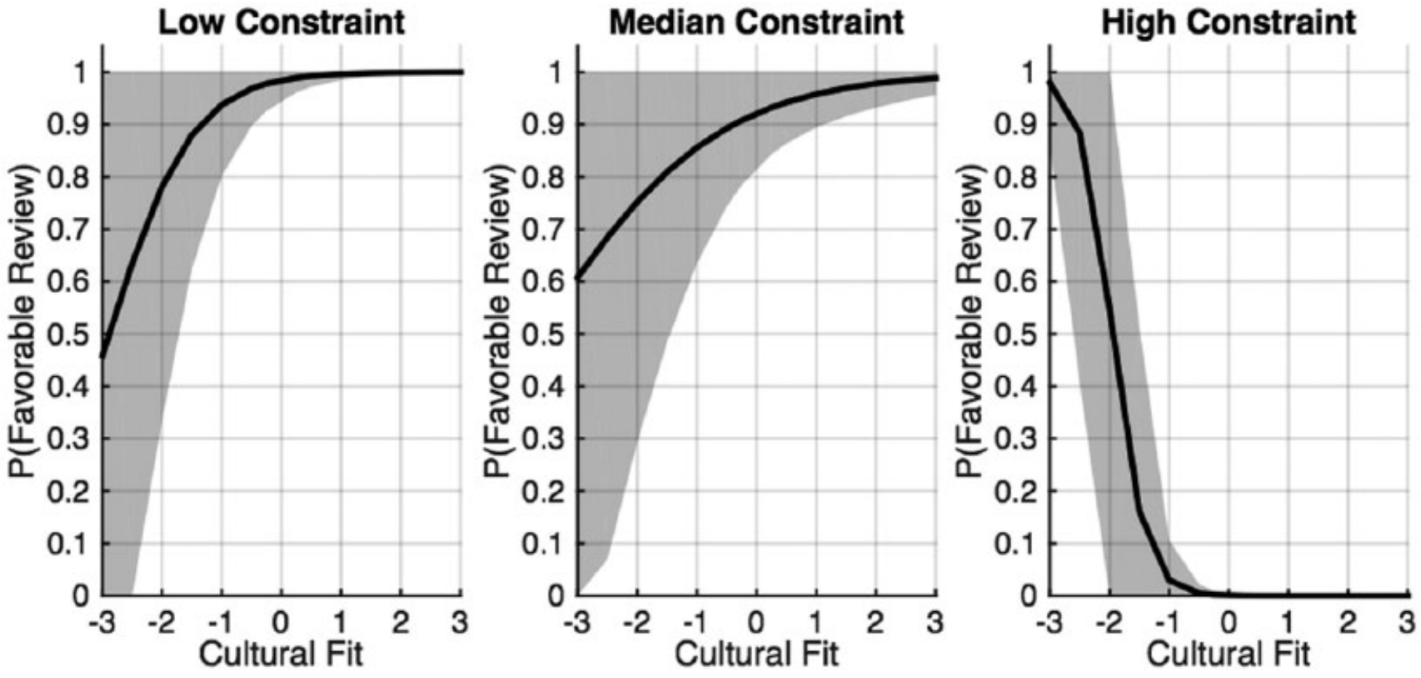

Figure 4. Marginal Effect of Cultural Fit on the Predicted Probability of Receiving a Favorable Performance Rating, at Varying Levels of Network Constraint

Note: The x-axis represents the number of standard deviations a person is from the mean level of cultural fit. Low constraint corresponds to the 10th percentile, and high constraint to the 90th percentile. Probabilities are calculated assuming mean values for control variables, and assuming that individual fixed effects are zero. Gray shading corresponds to 95% confidence intervals.

Discussion

- Structural brokerage and cultural assimilation are associated with greater attainment, all else being equal.
- Actors occupying positions of network constraint do not always underperform brokers and low cultural fit is not always detrimental for attainment.
- Integrated nonconformists and assimilated brokers fare better than their counterparts (i.e., doubly embedded actors and disembedded actors).
- Underlying mechanisms: the effects of network position on attainment operate primarily through the channel of information access, whereas the effects of cultural fit on attainment are mostly related to an identity channel that affects how an actor is perceived by others.

Some Thoughts

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- Fusing structural and cultural embeddedness to develop a coherent theory that resolves the puzzle of embeddedess.
- Using email texts to construct a measure of cultural fit.
- Do you think it is network effect or just some selection bias?