Social Capital, Homophily Ties and Networking Modes:
A Gendered Approach to Ceos Evaluations of Organizational Performance

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Abstract

In this study we examine the effect of gender variations in social capital and networking modes on performance evaluations. We draw upon social capital theory and the contrast between a “gendered” vs. a “performative” modeling of women’s work behavior to examine the effect of gender differences in (a) use of homophily-ascribed/achieved ties and (b) networking-consulting/sharing modes on performance evaluations. The results from a sample of 135 men and women CEOs indicate that the sharing networking mode has positive effects on performance evaluations for both men and women CEOs, but women report a negative effect of homophily ties. The results support the assumptions developed in the “performative” hypothesis suggesting that gender is not a “feature” of women CEOs’ behavior in the workplace.

Keywords: Gender, CEO, homophily ties, networking, organizational performance evaluations

Introduction

Gender studies addressing women’s role in management emphasize how women CEOs influence is noticeable (Ibarra, 1993) the evidence regarding gender differences in networking modes and use of homophily ties and their effect on organizational performance is limited (Harrison & Mason, 2007; Davis et al., 2010; Hay et al., 2011). Women’s willingness to place strong emphasis on communication (Connerley et al., 2008) and address problems in a wider and more emphatic perspective (Mano & Scehaffer, 2004) are the main reasons why women CEOs are considered as central figures in management positions. Women’s ability to apply ideas, skills and knowledge (Davis et al., 2010) either in terms of growth and profitability (Davis et al., 2010; Hay et al., 2011) or the application of professional expertise (Davis et al., 2010; Connerley et al., 2008) has been shown to have a positive effect on entrepreneurial performance (Harrison & Mason, 2007; Klyver, 2011).

Social capital theory refers to the formal and informal social ties and networks among individuals who share norms and values, the norm of reciprocity, and a considerable stock of trust (Granovetter, 1973). Social capital theory also supports the notion that networking, social cohesion and inclusion are central themes for understanding concepts of commodities and capabilities that increase individual’s potential to access information and solve problems (Bourdieu, 1986). While social capital theory refers to the possible sources for differences in the types of networks there is little consideration of the gender variations in the use of homophily ties and networking modes especially in relation to organizational performance evaluations. In this study we contend that part of the lack of evidence stems from a lack of distinction between the networking modes used by CEOs (Mano, 2014) and because a “gendered” approach does not allow addressing women CEO’s achievements in an “non-gendered” perspective (Kumra et al., 2006).

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Social capital theory emphasizes how bonding and bridging forms of networks reflect the levels of communication quality between groups and the distinction between strong ties and weak ties (Granovetter, 1973) reflects the difference in origins that shape the form and quality of networks because not all networking connections are strong enough because they encompass different levels of risk and prospective advantage.

Recent studies point indeed that not all networking connections are strong because they range from low risk and low cost to higher risk (Suarez & Hwang, 2013). CEOs may therefore fully engage, minimize their involvement or even terminate a networking relationship (Provan et al., 2007) according to level of expected advantages and risk level. When the risk level is low and the trust level high CEOs' engagement in networking is more involving and enables the creation of strong networks. Some empirical studies provide evidence though that a lower risk-taking approach may affect women's CEOs performance (Harrison & Mason, 2007; Becker-Blease & Sohl, 2008). As a result women CEOs may use homophily ties and networking modes differently than men generating variations in performance estimations (Harrison & Mason, 2007; Klyver, 2011).

In the present study we introduce an interdisciplinary model to test the link between homophily ties, networking modes and performance evaluations among men and women CEOs (Harrison & Mason, 2007; Hays et al., 2011). We draw upon the social capital perspective, network models and gender theory. We distinguish between two dimensions of managerial networking behavior: (a) use of ascribed / achieved homophily ties and (b) use of sharing / consulting networking modes (Mano, 2014). For the purposes of the present study we employ the following definitions: Ascribed homophily refers to CEOs' personal backgrounds and includes bio-social characteristics such as age, gender, ethnicity and religion. Achieved homophily refers to an individual's friends and acquaintances acquired in previous stages of life, including school, university and military service. Similarly, consulting networking modes are distinguished here from the sharing mode due to the manager's interest to share organizational information with his/her partners. We contend that gender variations in these dimensions will cause gender differences in organizational performance evaluations.

Literature Review

2.1 Homophily: Ascribed and Achieved Ties

Social capital theory implies that the similarity in interpersonal interactions (homophily) explains common interests and worldviews and attraction. The similarity of ties reduces the likelihood of stereotypes and possible damage to reputation reported as unstable and disruptive (Wincent et al., 2010). Homophily-based ties create channels through which information about trustworthiness of others flows easily and can be tested and verified and helps in minimizing "gaps" in collaboration preferences caused by lack of shared values, beliefs and goals or motivation to behave opportunistically (Das & Teng, 2002). In individual and group level connections and especially among women in management positions (Ibarra, 1993) this similarity increases the likelihood of creating stable connections (Kale & Singh, 2009; Wincent et al., 2010).

Homophily ties stem from several levels of associations that reflect affiliation based on demographic and socioeconomic variables. In the present study we control for two basic background variables that can affect these levels of trust. Age denotes the effect of similarities during compulsory military service (three years for men and two for women) as well as prior educational background (high school level). Age points also to differences due to similarities during the compulsory military service. A three year services for men and two for women in Israel creates strong networking ties. These ties differences become more evident later on in civilian careers. Accordingly we distinguish between two types of homophily ties: Ascribed (prior to entering employment) and achieved ties (developed through work positions) that reflect various levels of trust (Enjoiras, 2009) and indicate to various levels "belief in the “good intent and concern of exchange partners, their competence and capability, their reliability and belief in the likelihood that collaborations are successful … “ (Mishra, 1996, p. 213).

Empirical evidence on gender variations in use of homophily ties is inconclusive. On the one hand, female CEOs are considered as more likely to use heterophilious ties at the work place (ties to a person of the other sex), yet they do employ homophily-based connections when contacting other women whereas outside the work setting (Kleinbaum et al., 2011). Existing empirical evidence indicates that women are more likely to use open communication channels with men to initiate and develop formal ties but they are also likely to use informal interactions with other women to maintain social support (Ibarra, 1992; 1997; Kleinbaum et al, 2011).
These gendered variations have been attributed mainly to communication style differences, as women are more likely to be willing to share more information than are men.

Generalized and gendered conceptualizations of differences between men and women CEO's has been strongly opposed (Stuhlmacher & Poitras, 2010). Recent studies support the notion that gender "identities" and "subjectivities" are too diverse to be catalogued as uniform and theoretically valid. According to Durbin's performative hypothesis (2011) women in managerial roles behave according to the situation they are faced with rather than overgeneralized "gendered" features. Accordingly, it is possible that women use different types of homophily ties to conduct networking according to the level that these ties are conducive to organizational performance. Some empirical evidence supports this notion. A qualitative study with women directors from 50 companies in the United Kingdom, United States, and Ghana, (Dalton, 2009) reveals that women's personal motives regarding boardroom development activities, working relationships and perspectives on board performance differ from other non-board-related connections. This may be because in peer groups rather than in work-related groups, women are more likely to get recognition for their skills and personal capabilities (Kakabadse et al., 2015; Jogulu& Wood, 2008; Kleinbaum et al., 2011). Accordingly, we expect that:

H1: Differences in the use of ascribed homophily ties (age) will be gender-based.
H2: Differences in the use of achieved homophily ties (education) will be gender-based.

2.2 Consulting and Sharing Networking Modes

Social capital theory supports the notion that connections stemming from participating in face-to-face interactions within social groups based on shared beliefs, values and interests (Granovetter, 1973) support the creation of group-level cohesion and sharing based on trust (Bourdieu, 1998). Within this framework, bonding and bridging networking modes are the basic expressions of group connections. Bonding social capital refers to a tight network that provides options and functions of strong and/ or weak ties, mostly localized, enabling the development of defense strategies. By contrast, bridging social capital consists of individuals and organizations that are more distant from each other and are seeking access to information.

In management studies, the use of networking practices is equally dependent on the level of reciprocity and hence defines the level of CEO's participation and involvement (Hipp & Perrin, 2006; Provan et al., 2007; Galaskiewitz et al., 2006). Drawing upon these findings Mano (2014) introduced the consulting and sharing networking modes as two basic forms of CEO's networking. Similarly to the concepts of bonding and bridging network "structures" the author describes the quality of networking in terms of personalized expressions of trust at the managerial level that indicate the degree of willingness to participate and be involved in collaborations. It is due to the difference between the consulting and sharing networking that CEO's are oriented towards the attainment of social goals in seeking organizational performance. Whenthe odds for improving organizational performance is high the willingness for knowledge transfer rises (Easterby-Smith et al. 2008; Faems et al. 2006; Inkpen & Tsang 2005) and the potential to use the sharing mode higher. The study however does not consider gender variations. Similarly to the hypotheses presented regarding the effect of homophily ties in order to address gender variations in networking we draw attention to the distinction between the "gendered" and "performative" approaches.

The gendered approach sees the genders as equal but also different due to unique socialization processes and gender beliefs regarding men's and women's differing roles and management styles (Prime et al., 2006; Brent et al., 2013). Women, for example, are reported to be more likely than men to demonstrate emotional and social skills (Connerley, et al., 2008). They are also more likely to use a holistic approach (Sorenson et al., 2008) that promotes open channels of communication (Carli & Eagly, 2011; DeTienne & Chandler, 2007) in order to empower others to share information and achieve common goals (Inkpen & Tsang, 2005; for a review see Jogulu & Wood, 2008). In contrast to the gendered approach, the performative approach (Durbin, 2011) recently advanced the notion that women in management positions do not necessarily act upon predetermined notions of socialization rules. They adjust their behavior in the workplace to existing and emerging situations so that it reflects the need to fit the current circumstances at work, thus minimizing the effect of traditional gender-based roles and socialization differences. As a result, women may opt for variable behaviors according to the situation presented.
We therefore hypothesize that:

H3: Differences in the use of the consulting networking mode will be gender-based.
H4: Differences in the use of the sharing networking mode will be gender-based.

2.3 Performance Evaluations

Transaction cost theory assumes that individuals who are aware of possible differences between them and others will be more willing to collaborate to achieve concrete and defined goals (Williamson, 1985) and networking is a basic form of collaboration that has positive effects on performance (cf. Hays et al., 2011; Davis et al., 2010; McMurry et al., 2012) but some collaborations may have negative effects on performance as well (Provan, Isett, & Milward, 2007). The observed gaps in the effect of collaborations on performance reflect the variations in performance measurement caused mainly by the diversity in stakeholders’ expectations (Herman & Renz, 2008) and lack of objective measures of performance. Surprisingly and in contrast to objective measures, managers’ evaluations of performance are noticeably more accurate in the nonprofit settings (Baruch & Ramalho, 2006) and reflect CEOs’ (a) awareness of the level of “agreement” between stakeholders over organizational goals (Mano, 2011, 2014) and (b) potential to evaluate the extent that collaborations are successful (Hipp & Perrin, 2006; Hutt & Walker, 2006; Lecy et al., 2012, Gazley, 2010). Gender plays an important role here. Women are able to apply ideas, skills and knowledge (Davis et al. 2010) and place strong emphasis on communication skills (Connerley et al., 2008). Moreover, female CEOs also rate self-reported performance higher than men (Sorenson et al., 2008). Not surprisingly gender has been shown to be an important predictor of entrepreneurial performance (Harrison & Mason, 2007) in terms of growth and profitability (Davis et al., 2010; Hay et al., 2011). We hypothesize that:

H5: Women’s use of homophilous - ascribed and achieved- ties will increase performance evaluations
H6: Women’s use of networking - consulting and sharing- modes will increase performance evaluations

Methods

3.1 Sample

A sample of 135 CEOs (89% return rate) was drawn from a list of 152 non-profit settings providing human services in Northern Israel (Shatil, 2002). Interviewers contacted the CEOs (N=152) via telephone or e-mail and asked them to participate in the survey. The 135 CEOs who agreed to participate were sent a closed-end questionnaire comprising 61 Likert-like items. These items covered information on the CEOs’ background, their reports of homophily ties and networking modes and evaluations of organizational performance. Following this stage, the interviewers contacted the CEOs for a second time to make an appointment for the interview. All 135 CEOs completed the closed-end questionnaire in the interviewer’s presence. Of the respondents, 46% were women and 53% were men.

3.2 Variables

(1) Organizational Performance evaluations: The degree to which the organization under the CEO’s managerial role (a) achieved its vision and goals since it was first established and (b) competes successfully with other organizations in the same field (Alpha-Cronbach = 0.661).

(2) Homophily ties: Following the basic distinction between bonding and bridging forms of social capital and the distinction between homophily ties at the societal level (Granovetter, 1971) we introduce the distinction between (a) Ascribed homophily; measured as the relationship with managers from similar (a) age group (b) ethnic group, (c) gender affiliation (d) religion and ( e) level religious observance (Alpha-Cronbach = 0.827) and (b) Achieved homophily measured as the relationship with managers from similar (a) higher education institution and (b) military service affiliation (Alpha-Cronbach = 0.655).

(3) Networking modes: Following existing studies (Mano, 2014) we distinguish between:
   (a) Consulting mode referring to the extent that CEOs consult with individuals in decision-making from (a) business (b) non-profit and (b) independent professionals (Alpha-Cronbach = 0.743);
   (b) Sharing mode, referring to the extent that CEOs (a) participate in common social activities with other managers; (b) share professional challenges (c) share professional successes (d) adopt advice from other managers (d) cooperate with other organizations with similar goals and vision; (e) cooperate with other organizations with different
vision and homophily (Alpha-Cronbach = 0.845). All attitudinal variables are measured with Likert-scale items ranging from 1=lowest to 10=highest level of agreement.

Results

We proceed as following: First, we examine the correlation estimates (Pearson r) to determine relationships among examined variables separately for male and female CEOs (Table 1). Second, we test the mean differences and standard deviations for the dependent variables—use of homophily ties, networking modes and performance evaluations for male and female CEOs (Table 2). Third, we run a regression model to estimate the direct effects of (a) homophily ascribed and achieved ties and (b) consulting and sharing networking modes on performance evaluations, while controlling for managerial characteristics (Table 3). Finally, we present an Overall Fit Model to determine the explained variances (R²) in predicting performance, controlling for the effect of each set of variables (Table 4).

Table 1: Pearson correlation for women -lower triangle- and men -upper triangle-

<table>
<thead>
<tr>
<th>Ascribed Homophily</th>
<th>Achieved Homophily</th>
<th>Consulting</th>
<th>Sharing</th>
<th>Perceived Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ascribed Homophily</td>
<td>1</td>
<td>0.487**</td>
<td>0.274*</td>
<td>0.149</td>
</tr>
<tr>
<td>Achieved Homophily</td>
<td>0.462**</td>
<td>1</td>
<td>0.087</td>
<td>0.107</td>
</tr>
<tr>
<td>Consulting</td>
<td>0.168</td>
<td>0.308*</td>
<td>1</td>
<td>0.441**</td>
</tr>
<tr>
<td>Sharing</td>
<td>0.243</td>
<td>0.134</td>
<td>0.486**</td>
<td>1</td>
</tr>
<tr>
<td>Perceived Performance</td>
<td>-0.213</td>
<td>-0.514**</td>
<td>-0.154</td>
<td>0.162</td>
</tr>
</tbody>
</table>

**. Significant at the 0.01 level.
*. Significant at the 0.05 level

Four correlations reflecting the relationship between variables are significant for both female and male CEOs. First, for women managers there is a significant correlation between ascribed and achieved homophily (r=.462) and between consulting and sharing networking mode (r=.486). Similarly, for men there is a significant correlation between ascribed and achieved homophily (r=.487) and between consulting and sharing (r=.441). Second, the consulting networking mode significantly correlates with achieved homophily (r=.308) among women, but with ascribed homophily among men (r=.274). Third, there is a negative relationship between achieved homophily and performance (r=-.514) among women. Fourth, there is negative relationship between sharing and performance among men (r=.292). The results point to gender differences in the link between homophily networking and performance evaluations. While both men and women form collaborations and practice networking on various levels a negative relationship between achieved homophily and performance among women may be due to their being less likely than men to feel supported by educational and professional networking connections. To investigate gender differences further, we conducted a T-TEST.

Table 2: T-Test Mean Differences for Examined Variables by Gender

The findings reveal two significant gender differences: First, men(M=7.4, SD=4.75) report using achieved homophily more than women do (M=5.50, SD=4.21). Second, women report using the consulting mode (M=23.64, SD=6.54) more than men do (M=21.39, SD=7.90) with a Testimate of [t (130) = 2.396, Sig< 0.05]. Second, the findings do not reveal significant gender differences regarding the ascribed and sharing networking mode [t (130) = -1.159, Sig >0.05]. To gain additional insight into how these differences may affect performance evaluations, we ran a regression model predicting performance evaluations (perceived performance).

Table 3: Regression Estimates Predicting Perceived Organizational Performance

The coefficients (β’s) represent the direct effects of the independent variables, g homophily types and networking modes, on the performance evaluations of male and female CEOs. The findings suggest that while ascribed homophily has a significant and positive effect (β=.014), achieved homophily has a stronger negative effect (β=-.439) on women’s performance evaluations. By contrast, homophily, whether ascribed or achieved, has no significant effect on men’s performance evaluations. While for both men and women the sharing networking mode increases performance evaluations, it affects men CEOs more (β=.308) than it does women CEOs (β=.271).
The tolerance values indicate the possibility that to the independent variables may have some empirical connection but they are still theoretically distinguishable. The results indicate that women (a) may have fewer power contacts and therefore homophily is not as productive for them as for men, (b) are more likely to use bonding ties that may be involved in ascribed homophily and (c) may before likely to engage in sharing networking and to discard consulting networking. An integrative interpretation of the results indicates that women will be more comfortable in evaluating performance when they feel their partners can be trusted and provide the security of bonding ties, so that their managerial authority is not compromised.

Next, (Table 4) we present the overall effects of the proposed model showing the explained variance of homophily and networking on the performance estimations of men and of women CEOs.

**Table 4: Overall Fit Model (Explained Variance R²) Predicting CEOs Gender Differences in Performance Evaluations**

The analysis of the proposed model's overall fit shows both differences and similarities between male and female CEOs. First, homophily, whether ascribed or achieved, is not likely to affect men's performance evaluations, but it affects women's evaluations because both ascribed (R²=.161) and achieved (R²=.282) homophily have significant added value in overall prediction of performance. Second, the difference in added explanation between the consulting and sharing modes suggests that the sharing mode is far more important for men (R=0.478-0.338) than for women (R = 0.44-0.31). Sharing networking makes a much stronger significant contribution to men's performance evaluation, raising R² values from 0.000 to 0.115, but has almost no significant effect on women's evaluations. Third, consulting networking has no impact whatsoever, either on men's or on women's performance evaluations.

**Conclusions and Discussion**

The leading role played by CEOs in management positions revealed the importance of face-to-face communication as a secure path to greater collaborations and organizational performance. Some collaborations prove however to be more successful than others because the exposure of confidential information to low-trust partners may lead to detrimental outcomes. In this study we sought to capture the extent to which women and men CEOs differ in their use of homophily ties and networking and how these differences generate gender variations in performance evaluations. In order to do so we distinguished between ascribed and achieved homophily ties and the sharing and consulting modes of networking (Mano, 2014). We examined how gender differences in the use of (a) homophily–achieved/ascribed–ties and (b) networking-consulting/sharing-modes shape men and women CEOs’ evaluations of organizational performance. Our results only partly confirm the proposed hypotheses.

First, it was possible to show that women CEOs are less likely than men to create connections with similar individuals in terms of homophily ties. Moreover, for women use of homophily ties was shown to negatively affect their performance evaluations. Considering how women are often viewed as more “sociable: than men these results are surprising. One possibility is that women who form collaborations based on achieved homophily may not feel that these collaborations increase performance, thus supporting previous studies reporting possible harm in some cases (Provan, Fish & Sydow, 2007). A second possibility is that women's contacts may have less power and / or women may not attribute high value to the individuals with whom they are connected. The results however support Ibarra's (1993) work suggesting that women's collaborations are less homophilous than are those of men, lending support to the “difference in contacts' power” hypothesis (Ibarra, 1997).

Second, networking is not as productive for women as it is for men. Here it is possible that women who engage in networking may have higher expectations of their effect on organizational performance than these networks actually have. Another possibility is that women place less trust in networking than men (Stuhlmacher & Poitras, 2010) due to their potential to cause harm and women's avoidance of risk-taking supporting the conclusions of recent studies (Provan, Fish & Sydow, 2007). There is also the possibility that such gender differences reflect the level of success in obtaining information concerning economic, social and legal aspects from other CEOs. Another possibility is that although women are as conscious as men of the importance of networking but the structural differences in their networks (position of power and centrality) may lead them to act upon networking at a lower risk-taking level supporting Provan and colleagues’ perspective (2007).

We conclude by stating that women CEOs are most likely to opt for work relationships that are most conducive to increased performance evaluations. However, it is no more valuable to relate to the “gendered” attributes of women CEOs when predicting management practices.
The study's results point clearly that women CEOs perform their managerial role by adopt a “performative” approach. Women carefully consider managerial goals and challenges and chose a balanced approach in forming collaborations with a lower level of dependence on homophily ties and a higher willingness to consider collaborations in terms of their expected contribution to the attainment of organizational performance.

**Study Limitations and Recommendations for Future Studies**

The study’s conclusions are limited in two primary ways. First, the sample is relatively small, thus restricting the generalizability of our findings. Second, performance is self-evaluated, possibly causing women’s perceptions and expectations to bias the reports, thus further biasing men's results upwards and women's result downwards. Finally, the nonprofit setting, while clearly a productive field for the presented links, comprises a wide variety of organizations. A cross-sectional analysis could be useful in analyzing possible variations in organizational features, such as type of organization, context and location.

**References**


