The Practice of Networking: An Ethical Approach

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ABSTRACT. Focusing on the virtue-ethics tradition, this article analyzes the practice of networking within the business context. First, it distinguishes three types of networking: utilitarian, emotional, and virtuous. Virtuous networking does not exclude utilitarian and emotional networking, but these latter forms should be practiced with reciprocity. It is argued that virtuous networking requires (1) acting with good faith, sharing honest goals, and participating in licit activities; (2) sharing information, knowledge, and resources with reciprocity and even with gratuity; (3) serving with justice in asymmetrical power relationships; and (4) exercising a positive ethical influence within the network. Specific forms of unethical behavior in the practice of networking include (1) bad faith or abuse of trust, (2) opportunism, (3) abuse and misuse of power, (4) network cronyism, (5) networking as disguised bribery, and (6) cooperating in the wrongdoing of other actors of the network. The article concludes with some remarks about the role of ethics in social networks.

KEY WORDS: cronyism, network misconduct, network ethics, virtue ethics, practice of networking, social networks

Introduction

Social networks, popularly used as a metaphor to refer to complex sets of relationships, is also understood as describing social structures made up of *nodes* or actors (individuals or organizations, and sometimes even non-human elements) and *dyads* or relational ties between two actors.[1] A network has been defined as "a set of nodes and a set of ties representing some relationship, or lack of relationship, between nodes" (Brass et al., 2004, p. 795).

In 1992, Burt, in a seminal work, pointed out that actors can build relationships with multiple disconnected clusters and use these connections to obtain information and control advantages over others. Afterward, social networks were introduced in organizational theory to capture the emergent process of organizing (Larson and Starr, 1993). Now social networks are considered by many as an essential part of business, since the coordination of economic and social life not only occurs through markets and hierarchies, but also through networks (Powell, 1990, Thompson, 1996). Networks can be a source of competitive advantage for companies if they have difficult-to-imitate capabilities embedded in dyadic and network relationships, such as building relation-specific assets, knowledge-sharing routines, and effective relational governance mechanisms (Dyer and Singh, 1998; Lane and Lubatkin, 1998). Nahapiet and Ghoshal (1998) argued that, within a firm, the network of closely connected personal relationships is the base of a firm's social capital and a critical source of sustainable organizational advantage.

In the last decade, social networks in business have been enjoying increasing importance, not only in academia but also in managerial practice. The latter has been encouraged in recent years, and some practical guides to social networks have been provided (Cross, 2004; Cross and Thomas, 2009; Cross et al., 2005; Silver, 2009; Üstüner and Godes, 2006). They emphasize that both individuals and social actors can benefit from being part of a network because of mutual knowledge and trust. Although the practice of networking can entail some expense in terms of personal time and resources, this can be seen as an investment. Thus, well-known companies in a network can save money on advertising, and vendors would be able to design and offer better services and products by understanding the needs of the community (Silver, 2009).

In academic research, an increasing number of studies on networks in the organizational and

managerial context are available (Borgatti and Foster, 2003). Recent literature includes, among other topics, studies regarding the influence of social networks in innovation (Ahuja, 2000), in the creativity of managers who occupy bridging positions between groups in a network (Burt, 2004), in marketing (Achrol and Kotler, 1999) and in sales practice (Plouffe et al., 2004; Sparks and Schenk, 2006; Üstüner and Godes, 2006), in knowledge transfer (Dyer and Hatch, 2006), in work organizations (Labianca and Brass, 2006), in intra-organization knowledge creation (Hansen, 1999; Tsai, 2001; Yli-Renko et al., 2001), in generating ''communities of practice'' (Cross et al., 2006; Fox, 2000), in fostering interpersonal citizenship behavior (Bowler and Brass, 2006), in personal selling (Seevers et al., 2007), and in innovative capability (Chen and Wang, 2008; Gloor et al., 2008, Hung et al., 2008). Other topics cover firm-stakeholder networks (Boutilier, 2007; Rowley, 1997), networking among firms (Mehra et al., 2001; Zang, 1999), networks of leaders (Mehra et al., 2006), the impact of business networks on communities (Besser et al., 2006), and others.

A vast majority of these studies focus on how a social network can contribute to outcomes or on how to establish a successful network. Thus far, normative ethics in the practice of networking has scarcely been considered in depth, although often networks have tended to be associated with both trust and malfeasance (e.g., Granovetter, 1985).

Most of the existing research on ethics in networks includes empirical approaches describing or analyzing actual behaviors. Among them, Brass et al. (1998) presented a psychological model using social network analysis to explain unethical behavior, expanding other models constructed only on characteristics of individuals, issues, and/or organizational characteristics. Umphress et al. (2000) considered social influence regarding perceptions of justice in a social network context, and Seevers et al. (2007) applied a network perspective on sales force ethics, considering that ''this perspective provides a useful approach for examining the characteristics of relationships among salespeople that are themselves part of a larger structure of organizational relationships'' (p. 341).

Among the few scholars who have presented normative ethics approaches on social networks, special mention is due to Schonsheck (2000), who wrote an essay on ethics in the practice of networking, drawing on Aristotle and Kant. Daboub (2002) and Daboub and Calton (2002) dealt with ethical responsibility in networks, mainly in network organizations and strategic alliances. In addition, Khatry et al. (2003) examined the specific issue of cronyism, as a negative outcome from social network. Weisband, on his part, justified ''promotional forms of benevolence structured around network organization to glean economic efficiencies by means of the incorporation of social capital and trust'' (2009, p. 916).

Since ''interactions within a network are voluntary'' (Brass et al., 2004, p. 796), it makes sense to ask for ethics in the practice of networking. It is a human activity and as such entails an ethical dimension. Exploring the practice of networking from an ethical perspective, and more specifically from a virtue-ethics perspective, is the aim of this article.

We will proceed as follows. First, we will discuss some relevant aspects of the practice of networking in business. Second, we will discuss some aspects of virtuous behaviors in the practice of networking. Third, we will discuss some types of misconduct in such practice. Finally, we will explore how a virtuous practice of networking can contribute to maintaining trust and harmonious relationships within a network.

The practice of networking in business

Inter-organizational or inter-firm networks have been studied from both the behavior of individual and the social actor perspective, paying special attention to the nature of the ties (Gulati, 2007). In some cases, personal ties are very relevant, as shown by Zang (1999, 2000), studying the inter-corporate networks in 107 large Chinese firms in Singapore.

Social networks are different from communities. Communities are social ''containers'' of people, whereas networks are structures that promote boundary-spanning learning among interconnected people. This has several consequences, one of which is that the existence of networks may foster innovation more than the mere existence of a community, as some empirical evidence shows (Dal Fiore, 2007).

Common experience and empirical findings show that actors can obtain various benefits from networks. These include obtaining information, knowledge, and resources (Birley, 1985), as well as advice and ideas. A significant benefit for network-based organizations is the sharing of knowledge (Chow and Chan, 2008; Ramasamy et al., 2008). Organizations also benefit from the existing intra-networks, which entail "social capital" or capital embedded to relationships with others (Cohen and Prusak, 2001; Leana and Van Buren, 1999; Melé, 2003). It is only through social interactions that the benefits of social capital can be realized (Portes, 1998). Davies (2009), through three case studies found that three types of benefit are derived from networks: competitive developments through virtual integration in which the organizations remain flexible and small while projecting size to the market; intellectual developments through the sharing of intellectual capital with a diverse network of organizations in many fields; and ideological developments through an ideological network of like-minded individuals by which the companies can prevent the co-opting of the original purpose of fair trade.

Typically studied in inter- and intra-organizational networks are strategic alliances and collaborations, flows of information, interpersonal affection (friendship), goods and services flowing from work and influence (advice), and overlapping groups memberships such as board of directors (Brass et al., 2004). Other related business networks are top-manager networks and family-owner networks.

Network relationships

In networks, including networks in business, there are different types of ties in relationships and various structural aspects of such relationships, which are studied in detail in treaties of social network social analysis (e.g., Knoke and Yang, 2007; Wasserman and Faust, 1994).

Four attributes of relationship can be distinguished: status, strength, multiplexity, and asymmetry. *Status* refers to the relative power of one actor over another. Status can be dictated by contractual agreement, hierarchical authority, common membership, friendship, communication, sentiment,

advice given, and so on (Bristor and Ryan, 1987). The *strength* of a relationship refers to how strong is the tie between two actors. Granovetter (1973) suggested that the strength of a relationship between two persons is related to the frequency, reciprocity, emotional intensity, and intimacy of the relationship. Relations with an initial weak strength can increase over time in certain conditions if one progressively identifies and empathizes with other. This depends on familiarity, attraction, and generalization, or degree in which one sees oneself similar to another (Smith, 1966). Networks present *multiplexity*. This refers to the fact that in a network, two actors can be engaged in multiple types of relationships. For instance, they can be simultaneously professional colleagues, business associates, neighbors, and friends. Relationships can show *asymmetry*, which denotes that two actors are in some way not equal partners in the relationship (e.g., one party considers the other a friend, but the latter considers the former a mere acquaintance).

Regarding the structure of networks, there are three significant elements: structural holes, centrality, and density. *Structural holes* refer to the absence of link between two actors. This aspect emphasizes that not only connection but also lack of connection between some actors may be relevant. *Centrality* refers to the position of an actor within a network and, more specifically, to the extent in which an actor can reach all others in the network through the fewest number of direct and indirect links. An actor has a *closed centrality* if he or she is widely connected with others through direct connections or with "short distance" indirect connections. Finally, *density* refers to the degree to which actors are connected within the network. Thus, the more the connections that exist in a network, the higher its density will be. Density can be determined by the number of real ties compared with the total number of possible ties. As Granovetter (2005) points out, generally, larger groups will have lower network density because people have cognitive, emotional, spatial, and temporal limits on how many social ties they can sustain.

From a psychological perspective, and review of previous literature, Brass et al. (1998) suggested that both attributes and structures of relationship, to some extent, can favor or prevent unethical behaviors. Regarding status, these scholars add that there is

the risk that an actor with higher status might abuse such status in interactions with another of lower status (the former has less to lose than the latter). Weak strengths and temporary relationships can foster more unethical behaviors than others which are stronger and longer-lasting. Multiple relationships can also constrain unethical behaviors (aversion to losing a friendship over an unethical affair between business partners; multiple witnesses to an unethical act).

According to Brass et al. (1998), asymmetric relationships can also have an influence, if in such relationships the trust and emotional involvement of one actor is not reciprocated correspondingly by other. Structural characteristics can also have an influence over unethical behaviors, since they provide mechanisms for surveillance and for a more or less effective transmission of reputation within a network. If these observations are correct, then these network characteristics should be considered from a moral responsibility perspective. We will return to this point shortly.

Types of networking

A network is not a mere mechanical structure. Many authors stress the role of actors in introducing themselves into a network, and the necessity of personal effort in the practice of networking. Every dyad has a certain tie strength, which according to Granovetter is a combination of the amount of time spent on the relationship, the emotional intensity (mutual confiding), and the reciprocal services between two actors (1973, p. 1361).

According to Sonnenberg, in networks, "participants come together because of common interests and objectives, and they voluntarily give of themselves (primarily through a barter system) because they know that by helping others, they will eventually end up helping themselves" (1990, p. 59). Actually, networking can often be motivated by the search to obtain business advantages, but not always. Larson and Starr (1993, p. 6) differentiated between "economic-instrumental orientation" and "social-affective orientation." A similar position is taken by Chua et al. (2008), studying managers' professional networks. These scholars found four types of ties. The first was friendship ties, while the other three were ties created for utilitarian purposes; they were task ties, economic resource ties, and career guidance ties. Friendship can exist prior to a professional relationship or can be developed by mutual knowledge and interpersonal attraction, and can generally grow with increased interaction. These authors stated that professional settings may contain elements of cognitive-based trust, i.e., a trust founded upon a calculated and instrumental assessment; but "given that friendship embodied socio-emotional engagements and positive perceptions of another's motives, the presence of a friendship tie is especially likely to indicate affect-based trust" (2008, p. 438), which involves empathy, rapport, and self-discipline. Thus, two types of social networks can be distinguished: "utilitarian networking" and "affective networking." The latter contains both emotional elements and the sharing of feelings, thoughts, and goods, which can be related with moral character. As psychological studies show, personal interaction develops emotional attachment, intimacy, and altruistic behavior (Chua et al., 2008, mentioning several experimental findings).

Sonnenberg (1990) explicitly refers to different ways by which people develop networks. One way might be to extend contacts to seek opportunities to socialize with the end of obtaining business advantage, while other motivations are secondary. Often, this could be the case of people who join industry associations or certain clubs, and attend conferences. However, the intention may be another, for instance, of going to lunch with friends or acquaintances you like, to enjoy a pleasant conversation, or to share ideas or concerns. Taking advantage of such networking in a utilitarian fashion might be a secondary motivation. This may also be the case, although not always, of going to alumni dinners and reunions, participating in religious activities, and contributing to community organizations. These two types of situations have, respectively, a correspondence with "economic-instrumental orientation" and "social-affective orientation" as suggested by Larson and Starr (1993), and with the "utilitarian networking" and "affective networking" mentioned by Chua et al. (2008).

This differentiation between utilitarian and affective networking can be related to what Aristotle said about the objects of love and the implications for friendship. Anything is loved because it is good, or

pleasant, or useful (or a combination of these). He then applied these categories to friendship (1925, VIII, 2ff).

A first kind of friendship is founded on utility or interest in having or interacting with a friend. Regarding friendship for utility, Aristotle says: "those who love each other for their utility do not love each other for themselves but in virtue of some good which they get from each other" (1925, VIII, 3). Substituting "friendship" for "social network," what Aristotle says can be applied to a "utility network" in which relationships are wanted exclusively in the expectation of gaining benefits. Another type of friendship is based on pleasure. In friendship for pleasure, Aristotle said, people "delight in each other in the same things" (1925, VIII, 6). A third type of friendship is one in which a person wishes and pursues goods for his or her friend, beyond utility or pleasure. "Those who wish goods for their friends for their sake are most truly friends" (1925, VIII, 3). This is "complete or perfect friendship," while the two others are incomplete forms of friendship. Complete friendship is based on moral character, that is, on virtue.

These latter kinds of friendship can be related to affective or social-affective networking. "Affective networking" and "socio-affective networking" can be a mix of emotional and virtuous networking. However, it is interesting to adopt the Aristotelian approach, since it seems reasonable to distinguish between networking for the pleasure or psychological satisfaction which it produces and a virtuous networking based on acting in accordance with human virtues.

The relationship between networking and Aristotle's types of friendship is not new. It was proposed by Schonsheck (2000), but here we present a broader approach. Schonsheck considered that in business only "incomplete friendship for utility" exists. He is probably right in recognizing what happens in many business and managerial networks, but other kinds of "friendship" (networks) can be found. Schonsheck's view seems too narrow if one considers, for instance, the Chua et al. (2008) research mentioned above. Other forms of friendship based on pleasure or socio-emotional links and links based on virtuous behavior might also be present in organizational or business networks. Relationships started with a pure utilitarian purpose might over

time become pleasant relationships, and a true friendship may even emerge. It is also true that friends can become partners in a business. As Larson and Starr wrote, exchange processes "are no longer just social or just economic in nature. The friend has become an investor. The newly forged economic relationship with a supplier takes on a personal and social dimension as the two parties become better acquainted and their families socialize together. Over time, the mutuality of business interests becomes clearer and social and business relationship overlap" (1993, pp. 8–9).

In considering the three kinds of friendships suggested by Aristotle, we may gain a wider perspective for a better understanding of social networks. In doing so, we can consider three types of networking:

(1) *Utilitarian networking*, which is made with the intention of obtaining benefits related to economic advantages, obtaining power, safety or protection, and so on. Networking may be a practice to find jobs, clients, and contracts, to be promoted faster and at a younger age, to get advice in difficult situations, or to acquire useful information and resources. Managers can practice networking to maintain a strong customer relationship, since it is cheaper to keep an old customer than to get a new one.

(2) *Emotional networking*, which is motivated by positive feelings toward network relationships or the desire to have a pleasant relationship with other actors within the network. It may be related to what Aristotle called "friendship for pleasure," which, as noted, is characterized by finding enjoyment in each other or in the same things. Emotional networks can also be associated with he or she feeling proud of himself/herself for being part of a network, affection toward the network itself, or affection toward those directly connected to one.

(3) *Virtuous networking*, the practice of which includes a positive moral intentionality in the end pursued and means employed. It entails willingness to respond to other peoples' needs, or to make some positive contribution to a noble cause through the network.

Virtuous networking occurs, for instance, when academics or researchers gratuity share their teaching materials, knowledge or findings to benefit others, or among those who create networks to make books, or virtual visits to museums etc., accessible, even though some other motivations may also be present (reputation, personal pride, and so on).

In all of these cases, networking usually entails effort, time, and even money. In "utilitarian networking," all of this can be seen as an investment, as noted, but this is not so in the other types. In "emotional networking," effort, time, and even money can be also required but, as noted, one acts because of the satisfaction of working together with others and belonging to the network. Similarly, in "virtuous networking," the opportunity may arise for participants to contribute to a noble cause. These types of networking can exist simultaneously without being mutually exclusive.

Virtuous behaviors in the practice of networking

Aristotelian virtue ethics can be applied to networks. In the Aristotelian tradition, it is quirt common to distinguish between "apparent goods" and "real goods." What is good for a human being *qua* human being is not always what one might immediately desire. Good is everything desirable, and therefore a motive for acting. However, not every aim is a real human good. This is why one can distinguish between "real goods," which contribute to human excellence, and "apparent goods," which do not. The latter are motives which are attractive for their utility or pleasure but do not contribute to human flourishing. As Adler points out, real goods are related with human needs, but apparent goods, only with wants: "Real goods satisfy natural desires or needs; needs aim at real goods [those things which are really good for man]…In contrast, conscious desires or wants lead us to call "good" the things they aim at and satisfy them… The correlation of apparent goods with wants means that apparent goods are things we do in fact consciously desire. In contrast, the correlation of real goods with needs means that real goods are things we should or ought

to desire, whether in fact, at this moment, we consciously do or not" (1996, p. 94).

In the Aristotelian tradition, it is accepted that every human being has a rational capacity to discern between good and bad, and consequently between real goods and apparent goods. This capacity, termed "practical reason," is reinforced by the virtue of "practical wisdom," which is better developed in some than in others. The whole ethical problem is acting in accordance with the real good, in spite of the attraction which can be exerted by an apparent good. Acting in accordance with real good means that an agent prefers "being better" to "having more" (money, power, pleasure, or whatever).

Virtues, such as truthfulness, justice, friendship, loyalty, and generosity, lend a person the willingness to respond intentionally to each situation in accordance with human good, beyond moral sentiments and psychological and utilitarian motives. According to Aristotle (1925, VI, 13), practical wisdom is developed along with moral virtues, and helps one to discover what in practice is required by each virtue (the "golden mean" of each virtue).

Going back to the practice of networking, one can practice utilitarian and emotional networking for pure self-interest, without any concern for others. As Aristotle affirmed regarding friendship for utility, "those who love each other for their utility do not love each other for themselves but in virtue of some good which they get from each other. So too with those who love for the sake of pleasure" (1925, VIII, 3). In contrast, virtuous networking requires moral character (moral virtues) which leads to seeking the good for others, acting with respect and benevolence, and contributing to the common goods of the whole (Melé, 2009b). Consequently, behaviors involving lack of respect and benevolence and actions which erode the common good should be considered misconduct.

Applying this approach to the practice of networking, it means that utilitarian and emotional networking would be ethically acceptable if they are practiced with reciprocity, that is, seeking one's own good but also the good of the other, or at least seeking not to damage him or her. This is a minimum for a virtuous practice of networking. However, the practice of networking can also include some degree of gratuity, giving more that what one expects to receive.

Four elements can be distinguished in the practice of networking, which are highly relevant for an ethical perspective: (1) intention, shared goals and participative activities in the practice of networking; (2) exchange of resources and transmission of information and knowledge or/and learning these from other network actors; (3) the exercise of power of each actor toward other actors; and (4) the behavioral and ideological influence within a network. We will review these in light of the above-mentioned ethical approach.

Good faith, honest goals, and licit activities

Intention is the main purpose or end of a human act which is consciously wanted, and consequently it is ethically significant. In some approaches, such as the so-called actor-network theory (Fox, 2000; Latour, 2007), the actor's intention within a network is considered irrelevant. This is also what occurs in Utilitarianism and some other theories of ethics. However, many business ethicists consider intention crucial for evaluating the morality of human action. According to Aristotle, there is unity between intention and action as he illustrated through two situations with the same action but different intentions. He distinguished between ''one man who commits adultery for the sake of gain and makes money by it'' and ''another who does so at the bidding of appetite though he loses money and is penalized for it'' (1925, V, 2). In both acts, the adultery has two different intentions (money and pleasure, respectively). These intentions refer respectively to two different virtues: the first is against justice (an unfair gain), and the second is against self-control.

According to Thomas Aquinas, who followed Aristotle and also the Christian ethics tradition, what determines the morality of an action is the agent's intentionally in two ways: *intention* or selection of a goal and the elected *object* (or intrinsic orientation) of the action (Aquinas, 1981[1273], I–II, 18; Melé, 2009a, pp. 112–114). The *object*, in this example, is ''adultery,'' which defines ''an intentional sexual intercourse in which at least one of the persons is married,'' which is unjust because it implies the breaking of the marital contract. *Consequences* and other *circumstances* which can aggravate or attenuate the moral seriousness of an action are also relevant in Aquinas's approach (Aquinas, 1981[1273], I–II, 18, 3).

The actor's intention for practicing networking can be sincere in dealing fairly with others, that is, acting in ''good faith.'' This is a condition for a virtuous behavior. The question arises as to whether it is ethically acceptable to join a network with the sole intention of obtaining business advantage. This would be the case of utilitarian networking. There is nothing wrong in networking to obtain business advantage if one acts with reciprocity when networks are created for mutual benefit or include this option within their ends. This would not be the case of practicing networking with the intention of misappropriating information or abusing the trust received from other connected actors within a network.

Fairness in shared goals and participative activities is another condition for a virtuous practice of networking. It refers to the *object* (in the terms of Aquinas) of the practice of networking, which must accompany the intention in the evaluation of the morality of such action, as noted above. In other words, a virtuous behavior requires actors to be involved in networks which promote good causes or at least causes not contrary to human dignity and legitimate rights. Likewise, it requires participating in the network activities with actions that are ethically good. Obviously, this is not the case of networks articulated with the purpose of perpetrating crimes, such as drug trafficking, money laundering, industrial espionage, and so on.

Sharing information, knowledge, and resources

An actor's ethical behavior is, thus, first of all, entering into and sharing networks with honest goals and acting with fairness within the network. Taking this as granted, we can explain some practical aspects, starting with issues related to sharing information, knowledge, and resources.

Fair networking requires making contributions to maintain and develop the network, maybe through providing money or other material resources or devoting personal time and effort. Usually, it also includes benefiting fairly from network resources and obtaining benefits following fair rules established

for acting within a network. An actor can acquire resources, information, or knowledge and can learn from other network actors, but only what he or she is allowed to know, which is sometimes implicit in the network relationships. In this respect, networking to obtain clients or investors for one's own business or for the business one works for is not objectionable if there is no deception and there is at least tacit transparency.

Using networks to obtain professional advice is not objectionable either. In this case, one person obtains advice and the one who gives it has an opportunity to serve another person's needs. Getting information about jobs or even a recommendation for a job from one's networks is also acceptable if such recommendation does not cause an injustice to a third party.

Beyond reciprocity, gratuity in networks is also possible and even desirable. Gratuity is acting with generosity. It occurs when an actor gives to another or to the whole network what the recipient needs without expecting an equal compensation for the contribution. This is the case in many personal relationships, and NGOs, although some utility and emotional rewards can also exist. In virtuous behavior, an actor's behavior can respond to both reciprocity and gratuity.

In the business context, relationships based strictly on explicit or implicit contracts are frequent, but generous behaviors can be also found. Thus, Klapwijk and Van Lange (2009) have explored how generosity can take place in "noisy" situations (i.e., when the other co-participant occasionally behaves less cooperatively than what would be desirable and how generosity toward such a participant can promote trust and cooperation.

Justice in asymmetrical power relationships

Within a network, each actor has a certain power or capacity to influence others' behaviors. Frequently, a network can present asymmetrical power relationships. This is what happens, for instance, in the supply chain networks when there are collaborative interactions among numerous firms, but with a focal actor represented by a well-branded company. The other network actors are dependent on the focal company because of long-lasting explicit or implicit contracts (Belaya and Gagalyuk, 2009).

A virtuous use of power requires using power with efficacy, since this will be in benefit of the whole network. However, it is also necessary to use power with justice and to have a sense of service toward those connected to the network consistent with the common good. Asymmetrical power relationships should be led by justice (Spaemann, 1989, Chap. 4). This entails respecting legitimate rights of others, abiding by the rules of the network, and taking collaborative action toward the common good of the network. It is a commonly accepted principle that the greater the power, the greater is the responsibility of those who bear such power.

In the case of the supply chain network, power should be used by the focal actor as an effective tool in coordinating and promoting harmonious relationships, resolving conflicts, and, therefore, enhancing the performance of the whole network and its individual members (Belaya and Gagalyuk, 2009).

Exercising a positive ethical influence within the network

Some organizational theories, based on an oversocialized model of the human being, stress so much the importance of the network that personal responsibility practically disappears. This is the case of both population ecology and institutional theory, in which the influence of each single individual in the organization is irrelevant. This is also the case of the above-mentioned actor-network theory. These theories may explain some situations, but do not explain all. For instance, Klein et al. (2004) found that several personality characteristics predicted centrality in advice, friendship and adversarial networks within teams. In addition, empirical research also shows that being aware of and trying to comply with the roles and expectations of others can have a positive influence in preventing misconduct (Trevino, 1992). Actors within a network are decision makers and, like in organizations, their have autonomy and can make choices (Aldrich and Pfeffer, 1976).

Actually, as Granovetter (1985) suggested, actors create a certain culture that define expectations and shape behaviors. As noted above, depending on his or her position within a network and on the network characteristics, it seems that an actor can exercise certain influence on others, at least, on their

misbehaviors (Brass et al., 2004). However, those who created such influence are individuals interacting within the network.

The idea of managers as role models (Moberg, 2000), can be applied to every actor in a network, and especially those with a closed centrality. Virtuous actors, acting in a virtuous way, will become role models for others within a network.

Apart from being role models, actors can spread ideas consistent with sound ethical values. In addition, as suggested by Daboub (2002, p. 47), actors can contribute to maintaining a climate of ethical responsibility by an appropriate selection of partners, by blocking unethical conduct, and by creating environments that include both an ethical dimension and monitoring systems that scan such a dimension.

As s consequence, if actors have an influence in creating a certain environment or culture within networks, make autonomous decisions, and act as role models, they have the responsibility of preventing misconduct, maintaining a climate of moral responsibility, and fostering good behaviors.

An example of influencing other actors of a network is provided by Stormberg S/A, a relatively small Norwegian company whose main activity is the design and sale of outdoor and sports clothing. Mr. Olsen, owner and principal manager of the company, not only exercised a good influence to avoid misconduct in the supply chain but also acted as role model by becoming the first wholesale retailer in Norway to publicize the names of his associate factories in China and the annual evaluation of their working conditions. In addition, he has had an influence on IEH (Initiative for Ethical Trade) Norway, an organization devoted to promoting fair working conditions (Weltzien Hoivik and Melé, 2009).

Specific misconducts in the practice of networking

Actions contrary to virtuous behavior are, by definition, bad behavior or misconduct. Here, we will refer to some specific misconduct in the practice of networking, illustrating them with some examples. Specifically, we will discuss (1) acting with bad faith or abuse of trust; (2) opportunism, including actions of the so-called ''free-riders''; (3) abuse or misuse of power; (4) practicing network cronyism; (5) networking as disguised bribery; and (6) inducing or cooperating in wrongdoing of other actors of the network.

Acting with bad faith or abuse of trust

Acting with bad faith is joining a network or acting within it with the hidden intention of taking advantage without making the expected contribution, or respecting network legitimate norms, or acting in such a way as to cause damage to others. Acting with hidden agendas in alliances or collaborations (Nueno, 1999) with the aim of exploiting partners is a form of bad faith. Another practice of networking with bad faith is capturing clients or investors through a network by use of deception or by hiding what would be relevant information for them.

A related form of misconduct is abuse of trust. This can occur, for instance, if one is taking advantage of a meeting organized to socialize between friends to promote a commercial product when such a purpose has not been announced. Sometimes bad faith and abuse of trust go together. The Madoff case is illustrative here. Bernard L. Madoff committed a giant fraud of some $50 billion perpetrated by a financial pyramid (Ponzi scheme) through his company, Madoff Investment Securities LLC. He was a respected man who had been chair of the NASDAQ stock exchange. Bernard and his wife Ruth were prominent philanthropists, serving on boards of several nonprofit institutions and making generous donations. The Madoffs were familiar figures in some religious-based groups in New York and Florida. Madoff acquired many investors from his vast network of friends and acquaintances. Many people in his networks trusted him and made investments in his company. Bernard Madoff explained that he had begun operating the Ponzi scheme in 1991. Facing a falling stock market and national recession, he felt ''compelled'' to give investors high returns. ''When I began the Ponzi scheme – he explained – I believed it would end shortly and I would be able to extricate myself and my clients from the scheme.'' However, by a certain moment, Madoff knew that investments he had received would not be returned to their owners. In 2009, he

was condemned to 150 years in prison, the maximum allowed (Arvedlund, 2009).

The recent case of trading with subprime mortgage-backed securities can also be related to abuse of trust and probably even bad faith of some. It is not the author's intention to discuss this complex case here, but it is clear that this trading took place through a huge network of investors who bought mortgage-backed securities probably without knowing exactly what they were buying, trusting in credit rating agencies and in peers of their network who are doing the same operation. These latter entities were accused of having been deliberately too lax in the ratings of some structured products, although they denied it (Mathis et al., 2009). The time may come when we would know what really happened and what possible misconducts led to one of the deepest economic crises and crisis of trust in history.

Opportunism

The practice of networking can offer a favorable juncture to actors to take advantage of certain opportunities or circumstances. This is fine if this conduct falls within the fair rules explicitly or implicitly agreed within a network; but it becomes "opportunistic behavior" when it involves the abuse of the trust given by others or the breaking of network norms or principles, at least tacitly. Acting with opportunism means acting for one's own self-interest (or for a third party interest) with damage to the network.

This type of misconduct may exist, for instance, in strategic alliances, in which one party uses the relationship to better their position, often at the expense of others. Technology development alliances are particularly sensitive to these types of leaks (Nueno, 1999). Violating contractual norms can be considered as a strong or blunt form of opportunism, but apart from this, Luo (2006) identified a weak form of opportunism which involves actions that violate "relational norms" not spelled out in a contract but embedded in the common understanding of all members in a specific relationship and that consequently impair another party's interests. As examples of the violation of relational norms he mentioned: terminating unwritten commitments or dishonoring oral promises; not adhering to trust-building and equity-exchange principles; breaking mutual forbearance and knowledge-sharing rules; hiding critical resources needed by another party; misrepresenting a party's own abilities; standing by unconcerned when another party or joint entity is suffering; withholding full effort and cooperation in an ongoing relationship; not adhering to the explicit or implicit collective controls governing inter-party exchange; reacting dishonestly to contractual renegotiations or change; and making calculated efforts to confuse and manipulate information or incompletely disclose information to another party.

Related to opportunism is the so-called "free-rider" problem. Acting as a free-rider within a network occurs when someone practices networking to obtain business advantage without making any contribution. As noted, networking requires reciprocity, and, therefore, the free-rider attitude is not ethically acceptable.

A possible reaction may be that it would be naïve to act in good faith and to make contributions in a network when others take advantage of such behavior without any contribution. However, the free-rider problem should not prevent doing what is right. Instead, networks can take some measures to discourage or prevent free-rider behaviors. In some structural situations it is easy, but it is sometimes not so. Granovetter (2005) noted that overcoming free-rider problems is more likely in groups whose social network is dense and cohesive, since actors in such networks typically internalize norms that discourage free-riding and emphasize trust.

Networking as disguised bribery

A network can be used as an instrument which facilitates bribery, and networking can be a "mask" for dark purposes. This is the case when someone pays "generously" within a network to persuade other actors to act unfairly for the sake of one's own purpose.

In Chine, *guanxi*, among other meanings, is used to describe a network of contacts, in which affect- and cognition-based trust are intertwined (Chua and Morris, 2009). *Guanxi* permits an individual to call upon another when the former needs something that the latter can do. Although *guanxi* is a legitimate practice, certain forms of *guanxi* can be associated

with corruption and bribery (Dunfee and Warren, 2001).

Using networking to disguise bribery can even change the meaning of networking in popular language. In Russian there is a word (*blat*) used as a euphemism to express personal networks to obtain goods and services in short supply and to find a way around formal procedure, or to influence decision making. In this context networking is related to bribery and corruption (Ledeneva, 1999), which violates the generalized trust in networks even if participants are ''playing by the rules'' of corrupt practices. Thus, networking to disguise bribery is a misconduct and therefore merits full rejection.

Abuse and misuse of power

In situations of asymmetrical power relationships, the focal actor can misuse or abuse power. This is the case, for instance, with what occurred in the online social network Facebook with the ''Beacon affair'' in fall, 2007. Facebook was created and owned by Mark Zuckerberg. It is privately operated and, as usual, has a central administration agency. Users have free access to these social networks and can employ it as a valuable tool for connecting relatives, friends, colleagues, classmates, and so on. This network allows the user to send messages, share files, and update their personal profiles to notify connected people about themselves. However, as with any technical device, this network can be used for both good and bad. Those who administer and own the network hold power, which can be used uprightly or not.

Connected people are great targets for advertisers, and this was the origin of ''Beacon,'' a marketing initiative that enabled people to share information with their Facebook friends based on their browsing activities on other sites. It could let friends know automatically what they have for sale via the Facebook news feed as they list items. Very soon, Facebook was criticized for collecting more user information for advertisers than was previously stated. It was a misuse of power within a network, falling short in respect for privacy of both private groups and individual users. It may have resulted

from negligence or recklessness, if we accept the explanation of Mr. Zuckerberg, who publicly apologized just one month after announcing Beacon, saying, ''The problem with our initial approach of making it an opt-out system instead of opt-in was that if someone forgot to decline to share something, Beacon still went ahead and shared it with their friends'' (Zuckerberg, 2007).

Network cronyism

Network cronyism is a particular form of abuse of power in a network. Cronyism, in accordance with the Merriam-Webster Dictionary, refers ''partiality to cronies'' especially as evidenced in the appointment of political hangers-onto office without regard to their qualifications. Khatry et al. (2003) define cronyism ''as favoritism shown by one member of a social network toward another member with the intention of producing personal gains for the latter at the expense of parties outside the network, guided by a norm of reciprocity.''

Consider, for instance, the following case: a politician in a top post of a regional government appointed John, his brother, who was unemployed, as head of sports structures of the regional government. There was no guarantee about John's qualities for such a post. Then, John contracted with a construction company created by another brother to develop profitable sport projects. This case was disclosed by the media and a public scandal emerged, which makes sense since network cronyism is contrary to distributive justice, which requires applying objective and wise criteria in distribution, avoiding both favoritism and equalitarianism (Melé, 2009a, pp. 182, 185–186).

As this case illustrates, network cronyism can be found among people with political power who are actors in one or several networks, but also in other situations. Individuals from a network can use their influence to obtain posts for co-members with a result that is contrary to what is required by the common good. This is what happens in appointing friends, relatives, or peers to government posts regardless of their qualifications. This was the accusation leveled at the Truman administration, which gave cronyism its current sense.[2]

The existence of networks of people with strong ties to certain business elites is not infrequent in the business world, and also in non-political contexts one can find cases of network cronyism. Its existence, obviously, does not prejudge the existence of network cronyism, although such a reality might favor it. Transparency in publicizing membership of a network is recommended to prevent such misbehavior.

Cooperating in wrongdoing of other actors of the network

Cooperating with other people's actions entails certain responsibility. In a network, an actor can bear responsibility for misconduct of other actors if the power and influence of the former over the latter can prevent such misconduct. Let us consider a case published in the *Wall Street Journal* in 2000 (see Daboub and Calton, 2002, p. 93). In Cambodia, as well as other Asian countries, beer and liquor distributors hired small armies of attractive young women to greet male customers at bars and restaurants and to promote the distribution of brands at the point of sale. These "beer girls" were often pressured by customers to go home with them. Some girls complied, to supplement their salary. When they refused, they were sometimes raped. This situation not only led these young girls to fall into prostitution but also left many infected with AIDS. The Cambodian government estimated that 19% of "indirect commercial sex workers," which included "beer girls," was HIV positive. Neither national beer distributors nor brewers assumed responsibility and accountability for this. However, this claim is not fully convincing if you consider that responsibility for consequences of an action depends on the predictability of such consequences, the capacity to avoid them, and the causal proximity between the agent's action and the consequences (Melé, 2009a, pp. 116–117). In this sales network, some actors could probably have prevented this questionable marketing promotion.

Cooperation in wrongdoing in a network can be also found in supply chains in which suppliers produce in sweatshops, and powerful actors (maybe multinationals) do not try to prevent production shops in which the elemental human and labor rights are not respected.

Consequences of virtuous behavior in networks

Virtuous behavior in the practice of networking can have a beneficial influence in creating trust, and vice versa (Hill et al., 2009). The critical importance of building trusting relationships in management is well established (see a partial review in Hosmer, 1995 and Jeffries and Becker, 2008). This is also true for networks. Several authors (Granovetter, 1985, 2005; Chen and Wang, 2008, among others) have pointed out that social networks are associated with trust. Sonnenberg rightly wrote that "networks are built on a foundation of mutual trust and support between and among members" (1990, p. 59).

Empirical findings show that trust is indeed very relevant in the configuration of networks and in their role in acquiring knowledge, information, technology and skills from other network actors. Trust increases sociability and fosters greater cooperation and information exchange (Chen and Wang, 2008; Krishnan et al., 2006). Trust can facilitate the easier transfer and exchange of information in a relationship (Saparito et al., 2004).

Trust is closely related to ethical behavior (Hosmer, 1995). Mayer et al. (1995) described three empirically verified characteristics which determine perceived trustworthiness: competence (skills, abilities in a specific domain); benevolence (degree to which a trustee is believed to want to do good for the trustor); and integrity (adherence to ethical principles). The latter two refer to ethical behavior and are particularly relevant in creating trust, or in destroying it when they are not there. Schoorman et al. (2007) insisted that all three factors – ability, benevolence, and integrity – can contribute to trust in a group or organization. Similarly, Doney and Cannon (1997) found that trust is related to dependability and benevolence. Dependability characterizes the reliability of a relationship partner, whereas benevolence serves as a gauge of a partner's moral values, as measured by a willingness to protect the interest and the well-being of the other partner. This means that misbehaviors damage trust among actors of a networks. Misbehaviors can even deteriorate multiplex ties among two actors. Thus, unethical conduct with a business partner can also result in a lost friendship (Brass et al., 1998, p. 18).

Social networks are an important source of reward and punishment, since these are often magnified in their impact when coming from others personally known. Trust, the confidence that others will do the right thing despite a clear balance of incentives to the contrary, emerges, if it does, in the context of a social network (Granovetter, 2005). Negative situations, some of which have to do with lack of integrity, can undermine trust with consequences in future networking (Johnson and Ross, 2009).

The culture that is created within a network, for good or for bad, may have an influence on the people who are interconnected. Although most people emphasize the benefits of networks and the corresponding social capital, one should not ignore that hidden liabilities can also exist within a network and social capital can have negative outcomes (Portes, 1998).

Strong ties can foster both good and bad behaviors. Thus, organizational crimes, such as embezzlements, require the trust of strong relationships (Granovetter, 1992). Arthur Andersen is a relevant example of a strong culture and strong ties of dependency. For decades, they fostered integrity of those involved in the intra-networks of the firm, but when leadership orientation changed, the culture fostered misbehaviors which brought about the demise of the firm (Melé, 2009a, pp. 3–5; Toffler, 2003).

One should expect that virtuous behavior, which includes benevolent responsiveness, can also foster cooperation within a network. Of course, people can also cooperate for utilitarian self-interest, as game theory shows, or to maintain reputation (Axelrod, 1984). However, when these motives are lacking, virtuous people still have the strength to cooperate. Reputation itself comes not for a single action but for a set of behaviors which continuously show that someone is reliable. Since virtues are permanent habits of character and people, virtuous people possess a solid foundation to build a good reputation.

Reputation for personal integrity in virtuous people is not a mere image, it is real; and networking with a partner of good reputation allays the fear that the partner might be opportunistic. Similarly, reputation for business integrity affects partner choices and increases the value of exchange relationships (Jensen and Roy, 2008).

Many try to avoid opportunism in alliances and in others forms of networking by making voluminous contracts, but in spite of this, non-virtuous people can find ways to escape from regulations. As an experienced manager said: ''a dishonest client can always cheat you, no matter what you put into the contract,'' and added as advice: ''try to do business only with people of good character.'' (Daboub and Calton, 2002, p. 91) Similar reasoning could be applied in giving entrance to new members into a network.

Ethical behavior it is not only something intrinsically valuable. Ethical behavior is also important to maintain a culture of trust and cooperation within the network. Thus, actors, and especially those who manage a network or those with a ''closed centrality'' in the network, should be conscious of the need to foster some basic virtues which can aid the cohesion of the network. As Achrol (1997, p. 68) stated, ''the true benefits of a network organization are obtained only when one recognizes the unique managerial and economic benefits that emerge when the network is conceived of as a minisociety of interdependent, reciprocal exchange relationships characterized by restraint of power, commitment, trust, solidarity, mutuality, flexibility, role integrity, and harmonization of conflict.''

Conclusion

The practice of networking is a human activity and, as such, it entails an ethical dimension. Following Aristotle, we have introduced three types of networking regarding motives which lead to the practice of networking: Utilitarian networking (useful for obtaining some external benefit), emotional networking (related with psychological satisfaction), and virtuous networking (with moral intentionality).

A virtuous behavior includes dealing with people with respect and benevolence. Here, we have reviewed several aspects required for a virtuous practice of networking. They include (1) acting with good faith, and joining in networks with honest goals and participating in licit activities within such networks; (2) exchanging resources and sharing information and knowledge with reciprocity and even with gratuity; (3) serving with justice when one has a position of power when an asymmetrical

power relationship exists; and (4) trying to exercise a positive ethical influence within the network.

Acting against these requirements is misconduct. Here, we have explored some specific types of misconduct in networks. These include acting with bad faith or abuse of trust or opportunism; abuse and misuse of power, one of the forms of which is network cronyism. Furthermore, neither practicing networking to disguise bribery nor cooperating in the wrongdoing of other actors of the network is ethically acceptable.

Finally, following some empirical findings, we have argued that a virtuous practice of networking can contribute to maintaining trust and harmonious relationships within a network. This has implications for managers who lead intra- and inter-organizational networks, which would require further empirical and conceptual research.

Notes

[1] See, e.g., DeGenne and Forsé (1999) and Knoke and Yang (2007), for an introduction to social networks.

[2] According to Khatry et al. (2003), who mentions several reference dictionaries, it seems that "cronyism" (from Greek, khrónios, meaning "long-standing") started to change its meaning from "the ability or desire to make friends" to its current meaning in 1952, when the Truman administration was accused of appointing friends to government posts regardless of their qualifications, and a *New York Time* journalist used "cronyism" to term such action.

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