Social Capital, Embedded Status, and the Endorsement Effect*

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ABSTRACT

Sociological research on status attainment has increasingly recognized the role of social networks. The bulk of extant scholarship on networks and stratification, however, deals exclusively with the information and control benefits of network embeddedness. Organizational scholars, on the other hand, have paid increasing attention to another, relatively unexplored, aspect of social networks, which has to do with the conferral of status via network affiliations. The argument is that because of the inherent uncertainty surrounding product or service quality, potential consumers often rely on the status of the producer's (provider's) past or existing transactional partners as a proxy for the focal actor's capacity to deliver high-quality goods (services). In this paper, I import this key theoretical insight to the study of income stratification among Chicago lawyers. I hypothesize that a lawyer benefits not only from having access to social capital that provides timely information about opportunities, but also from the endorsement by high-status network partners, given that a lawyer's performance quality is uncertain, even unknowable. I also hypothesize that the effect of ties to high-status alters, net of control and social capital variables, varies according to the level of uncertainty in the market for lawyers. I find strong empirical support for our network-as-status contingency argument.

INTRODUCTION[1]

The role of social networks in the stratification process has been well recognized. And there is a growing sociological literature on how interpersonal ties, or social capital embedded in such relational context, are critical for the outcome of individual status attainment. The bulk of extant scholarship on networks and social stratification, however, deals exclusively with the information and, to lesser extent, control benefits of network embeddedness.[2] Much of the previous research focuses on the economic value of relational linkages in, for example, aiding the process of job search (e.g., Bian 1997; De Graff and Flap 1988; Ferdnandez and Weinberg 1997; Granovetter 1974; Lin 1990; Wegener 1991) or intraorganizational promotion (e.g., Burt 1992, 1997; Podolny and Baron 1997; Gabbay and Zuckerman 1998). Organizational scholars, on the other hand, have paid increasing attention to another, relatively unexplored, aspect of social networks, which has to do with the conferral of status via network affiliations with known status superiors (e.g., Podolny 1993, 1994; Podolny and Stuart 1995; Podolny, Stuart, and Hannan 1997; Stuart 1999). The gist of the argument here is that because of

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[1] My dissertation focuses on the embeddedness of economic action (Granovetter 1985) in the U.S. legal services industry. More specifically, I examine how and to what extent network ties and social capital influence or shape various economic outcomes in the market for lawyers. My dissertation consists of two parts. On the one hand, using the Chicago Lawyers Data obtained from the American Bar Foundation, I investigate the relationship between social networks and market consequences for individual legal practitioners. On the other, in collaboration with Brian Uzzi (Northwestern University), I study the network embeddedness of interorganizational ties between law firms and their corporate and financial clients. This present paper is a product of my ongoing research based on the individual-level data on Chicago lawyers.

[2] Such issues as trust and reciprocal obligations are also important benefits, or consequences, of social embeddedness of economic action (e.g., Coleman 1990; Granovetter 1985; Portes and Sensenbrenner 1993; Uzzi 1996, 1997). Though they clearly merit analytic attention, these issues are less relevant to the project of explicating interpersonal competition, mobility, and stratification. In fact, the existing status attainment research for the most part looks at how social networks serve to reduce information uncertainty, increase autonomy, and provide what Burt (1992) refers to as "entrepreneurial opportunities" for individual and organizational actors. Trust and reciprocity certainly do matter but only insofar as the competition process

the inherent uncertainty surrounding product or service quality, potential consumers must rely on the status of the focal producer's (provider's) past or existing transactional partners as a proxy for assessing the focal actor's capacity to deliver high-quality goods (services). That is, the prestige of one's network alters serves as a market signal to help reduce the information asymmetry confronting prospective buyers. Moreover, the argument goes, this status effect interacts with the level of market uncertainty.

In this paper, I import this key theoretical insight from the organizational literature to the study of a 1995 survey sample of Chicago lawyers. In particular, I draw on Podolny's (1993) insightful "status-based model of competition" and Stinchcombe's (1965) seminal idea of the "liability of newness" popularized by the population ecology models (Hannan and Freeman 1989; Hannan and Carroll 1992; Carroll and Hannan 2000) in making sense of the *status* benefits of social networks in the stratification process. In addition, I also empirically test some of the more conventional network hypotheses concerning information benefits. I argue that a lawyer benefits not only from having access to social resources, as network-oriented scholars would typically assume, but also from the endorsement by high-status network partners, given that a lawyer's exact performance quality is highly uncertain, even unknowable, from the viewpoint of prospective clients. The process of status transfer by affiliation with prominent others, in other words, increases the focal actors' (lawyers') reputation and in turn their earnings. I also contend that the effect of ties to prestigious alters is not constant but varies according to the level of uncertainty on the part of potential consumers in search of a legal service provider. In the analysis, I examine two separate measures of uncertainty: the age of

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entails an element of cooperation at some level. I will return to this topic in the main text when I discuss some of the empirical findings.

practitioners and the year in which they joined their respective organizational employer (or tenure). My main prediction is that, net of other social capital variables, ties to prominent network affiliates should exert greater positive impact on earnings under conditions of greater uncertainty, i.e., when the two measures are lower in magnitude. I present strong empirical evidence for the status-based network contingency argument, as an explanatory factor in individual-level income attainment.

In his review of previous research by economic sociologists and organizational scholars, Podolny (forthcoming) introduces two useful metaphors to describe how social networks have been conceptualized in the literature: "pipes" and "prisms." On the one hand, scholars have stressed the network-as-pipes metaphor by concentrating on the resource benefits of structural embeddedness for focal actors. On the other, the network-as-prisms metaphor suggests how network ties function as a market signal to alleviate the uncertainty about quality facing the focal actors' audience (see also Zuckerman's [1998] complementary theoretical account). In doing so, Podolny makes an important analytic distinction between what he calls "egocentric" and "altercentric" uncertainty. The former, to large extent, has to do with the pipes metaphor and the uncertainty ego (i.e., producer) confronts in the competitive market. The latter largely deals with the prisms metaphor and the alter's (i.e., consumer's) uncertainty concerning the ego's product or service quality. His main point is that studies highlighting the notion of "social capital" explore how network ties serve to alleviate the problem of information asymmetry surrounding the focal actor and how these ties operate to enhance that actor's economic welfare (e.g., job placement, promotion, income attainment). Those studies emphasizing the status-based functionality of social networks, by contrast, illuminate the mechanism

through which affiliation or interaction with prominent network figures serves to emit status-enhancing or status-confirming signals on behalf of ego. In sum, in a market where at least a minimum degree of quality uncertainty exists, the focal actor's network structure not only functions as a mechanism of resource transfer that benefits ego but also as a powerful source of status transfer that decreases altercentric uncertainty.

In employing Podolny's typology in my empirical analysis of Chicago lawyers, I focus attention on the status-confirming mechanism of network affiliation. Students of networks and stratification have typically devoted their efforts in understanding how network connections serve as the conduits through which market-related information travels and how this process alleviates *ego*centric uncertainty (see e.g., Lin's [1999] recent review article or book [2000]). That is, the focus has been primarily on the relationship between network ties and access to labor market information, and their conjoined effect on individual mobility and attainment. In a nutshell, the previous research is a story about ego's quest for network-embedded resources to reduce market-related uncertainty of some kind. Fully acknowledging this as an important topic, I want to investigate the neglected side of the analytic coin: that is, how and to what extent ties with high-status or prominent alters, by reducing *alter*centric uncertainty via status transfer and endorsement process, influence income attainment in the legal profession. Also, most of the existing network analyses have focused on job change, not income stratification (Boxman, De Graff, and Flap 1991). My research shifts the focus to income. As Ferdnandez et al. (2000) point out in their recent study, the previous research deals with the role of networks mainly on the supply side of the market. My concern with the issue of status and stratification touches on the demand side as well, by

considering the role of not only providers but also consumers of legal services. This is crucial since the market for lawyers (and professional services in general) is replete with client uncertainty about the issue of high-quality legal services. It is often very difficult and costly to ascertain prior to the consummation of the transaction whether or not a particular provider can indeed deliver the services of expected quality. And at times, even after the lawyer-client transaction has been completed, the question of the appropriateness of fees charged may continue to linger. Consequently, analyzing the demand side of the market is necessary in understanding the stratification process among lawyers. I show in this paper how altercentric (buyer's) uncertainty, controlling for egocentric (seller's) uncertainty, relates to lawyers' earnings.

DATA, MODEL, AND HYPOTHESES

The cross-sectional data analyzed in this paper come from face-to-face interviews with a 1995 probability sample (N = 788) of all lawyers in the city of Chicago. The names of the respondents were obtained from the state's official list of licensed lawyers, who are required to register with the Attorney Registration and Disciplinary Commission, an agency under the supervision of the Illinois Supreme Court. The survey subjects cover a wide spectrum, including solo practitioners, lawyers in private firms, corporate house counsel, government lawyers, public defenders, judges, and law professors, as well as those who were retired, unemployed, or engaged in occupations other than law. Excluding judges and law faculty, our study focuses on those who were practicing law full time at the time of the survey. The data thus basically comprise four distinct

segments of the legal practice in which individual lawyers operate: private firm, corporate counsel, public sector, and self-employed. But in this paper I exclude those that work as either corporate counsel or government lawyer, since they do not concern themselves with recruiting new clients and, consequently, the issue of altercentric uncertainty, which is the pivotal concept in this paper, is much less, if at all, relevant.

The dependent variable in all our OLS regression models is annual earnings. I model the natural log of income to address the problem of outlying observations. A variety of lawyers' personal and work characteristics affect the result of income attainment. As controls, I include a host of variables in the models: gender (1 = "male"), marital status (1 = "married"), race (1 = "white"), age and age squared (to control for the curvilinear effect), partner and specialist statuses (1 = "yes"), number of weekly hours worked, proportion of business clients (measured on a continuous percentage scale), class rank, law school standing, and practice context. In particular, controlling for the percentage of business clients is critical in testing our status endorsement hypothesis, since this attribute is the single most important factor in determining the prestige level of legal practice types as well as legal specialties (Heinz and Laumann 1982). By extension, a lawyer who services a relatively high proportion of corporate business clientele is regarded to be more prestigious (of higher status) by both peers and clients. The regression models estimate income returns on notable ties (status of network affiliates), net of this above effect. The variable for class rank, which measures the lawyer's past academic performance in law school, consists of two dummy indicators: one for the top 10% of graduating class and another for the lower range of top 11% to 25%. The omitted category is the rank below the top 25% of class. Law school rank is divided into four

categories: elite (e.g., University of Chicago), prestige (e.g., Northwestern), regional (e.g., University of Illinois), and local (e.g, John Marshall in Chicago). The local law schools constitute the baseline category. I also control for the practice type and treat the solo category as the reference group. The age variable is the key proxy for work experience or professional reputation, i.e., the level of altercentric uncertainty. The younger the lawyer, the greater the uncertainty surrounding him or her. In another set of models, I also employ "tenure" as an alternative measure of quality uncertainty. That is, the longer the tenure, the lower the uncertainty. This variable records the number of years the respondents had been with their organizational employer (private, corporate, or government) at the time of the survey. Because it has to do with the length of employment within an organization, solo practitioners are dropped from this second set of regression analyses.

The key variable for my network endorsement argument has to do with the number of ties to elite members of the legal professional community. The total of 68 such members (notables) was selected after extensive consultation with informants who are very familiar with various aspects of the Chicago bar. A more detailed account of the selection criteria is found in Heinz et al. (1997). The survey data contain information on two types of notable linkages. During the face-to-face interview, respondents were asked to indicate the names of notables whom "they know well enough to call by their first name when you see them." They were also asked to identify those from whom they believe they could receive legal advice free of charge. These two relationships thus constitute, respectively, "weak" and "strong" ties. Because the argument has to do with the status, not information-resource, benefits of network embeddedness, I chose to use

the weaker relationship measure in my investigation. Using this personal "acquaintance" measure over the alternative of the "advice" network allows a more conservative test of the hypothesis that the causal mechanism behind the effect of network ties on income is indeed elite sponsorship and concomitant status-enhancement. Since the data also provide information on the acquaintance network among the notables themselves, I weight the relative status of each notable by constructing two standard network centrality measures ("betweenness" and "power").[3]

I also include four network variables (Network Constraint, Network Bridge, Elite Alters, Strong Ties) that measure the ego's access to social capital or social resources. These variables are constructed based on the relatively rich information on the respondent's communication network members, including their race, sex, education, practice setting, and area of specialty. Survey subjects were asked to provide relevant ascriptive and work-related information on three colleagues with whom they discuss "law related matters." They were also asked to specify how members of the colleagues are similarly tied with one another. Based on these egocentric networks, I first construct

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[3] Freeman's (1977) betweeness centrality measure, as elaborated by Wasserman and Faust (994), is defined by: $C_B(n_i) = \sum_{j<k} g_{jk}(n_i)/g_{jk}$, for i distinct from j and k

where $g_{jk}(n_i)$ is the number of geodesics linking the two actors (j and k) that contain actor i. Since this index's values depend on g, it is standardized. This measure thus varies from a minimum of zero, attained when n_i falls on no geodesics, and a maximum of one when the ith actor falls on all geodesics, i.e., (g-1)(g-2)/2, and is defined as: $C'_B(n_i) = C_B(n_i)/[(g-1)(g-2)/2]$.

The Bonacich's (1987) power measure is formally defined as: $c(a, b) = a \sum_{k=0}^{\infty} b^k R^{k+1} 1$, where a is a scaling factor, b is a weighting factor, and R is a relational matrix. These centrality measures are calculated using the network software package UCINET (version 5).

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Burt's (1992) "constraint" measure[4] (Network Constraint) that he originally introduced to capture the lack of structural holes, or the degree of contact redundancy, in the egocentric network. The underlying concept of this variable is associated with the density level among network alters (i.e., how many of the colleague pairs are tied), and is inversely related to the degree of their diversity. Second, I examine the extent of legal specialty overlap between the ego and the three colleagues (Network Bridge). This measure, similar to Network Constraint, can be seen as a proxy for the range of ego's network. A network has range "to the extent that it connects [ego] with a diversity of other actors" (Burt 1983; see also Marsden 1990 and Stoloff et al. 1999). This measure also closely resembles Burt's (1992) notion of "institutional holes." It is constructed as a dummy variable (1 = "at least one of the three specializes in a legal field different from the ego) with the baseline category indicating no specialty overlap, or the absence of network-informational bridge across different legal fields of expertise. The third network variable (Elite Alters) measures the number of colleagues that went to one of the "elite" law schools. And lastly, another dummy variable (Strong Ties) is created to estimate the effect of having at least one colleague member who is either "a spouse or a relative" (1 = "yes"). These four measures together allow the examination of not only the individual characteristics of network ties but also the overall structure or composition of ego's colleague network.

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[4] Burt's constraint measure is formally expressed as: $\left(p_{ij} + \sum_{q} p_{iq} p_{qj} \right)^2, q \neq i, j.$

where p_{qj} is the proportional strength of q's relationship with j, as p_{ij} is the proportional strength defined above of i's relation with j. This measure varies from a minimum of p_{ij} squared (j disconnected from all other contacts), up to a maximum of one (if j is your only contact). The sum of the above equation across contacts j measures the aggregate constraint on your entrepreneurial opportunities within the network.

I articulate and subject to empirical scrutiny a number of hypotheses derived from the sociological literature on social networks, status, and stratification. These hypotheses are divided into two sub groups: those that highlight the social capital/resource argument (egocentric uncertainty) and those that raise the issue of endorsement/status benefits embedded in network relations (altercentric uncertainty). On the conceptual side of egocentric uncertainty, Burt's (1992) structural hole thesis postulates that disconnections among network contacts provide the competitive advantage of information and control benefits. According to him, "while human capital refers to individual ability, social capital refers to opportunity… [Actors] with more social capital get higher returns to their human capital because they are positioned to identify and develop more rewarding opportunities" (Burt 1997: 339). Within the context of the legal profession, lawyers whose colleague network structure is characterized by more non-redundant ties, or less density, would have better access to higher-quality legal information and also better take advantage of the available brokerage opportunities for upward mobility. Thus, in general one would expect a positive association between social capital and status attainment. I test for this proposition in the analysis with respect to income attainment:

Hypothesis 1: Lawyers with greater access to social capital (defined as "structural holes") enjoy higher income.

I also examine the effect of what I call "network bridge," conceptualized in terms of the legal specialty overlap with colleagues, on lawyers' earnings. Consistent with the theoretical underpinning of Granovetter's and Burt's complementary views, the rationale here is that non-redundant network partners can function as a crucial link between otherwise disconnected densely knit groups. Specifically, knowing a colleague who

specializes in a field of law different from one's own may allow the ego to tap into

information that is more novel and valuable than what's usually circulated among actors

who share common legal knowledge and experience. This leads to my second

hypothesis:

Hypothesis 2: Lawyers with a more heterogeneous colleague network in terms of legal expertise or specialty enjoy higher income.

My third hypothesis deals even more specifically with the idea of the strength of weak

tie. As Granovetter has pointed out, job seekers are more likely to benefit from the

acquaintance contacts rather than friends or family members, since the informational

resources available in the ego's network of strong relations are more likely to be

redundant. The gist of his argument can be succinctly summarized by the statement that

structure, or network position, prevails over motivation: that is, though close friends may

want to help, weaker ties are better located structurally to offer the needed help that really

matters. Insofar as network structure is related to status attainment, lawyers whose

colleague relationships consist of unrelated (non-kin) subjects, then, should be better off

compared with those who partly or exclusively consult family members or relatives who

are lawyers for legal advice. Based on this line of reasoning, my third hypothesis is as

follows:

Hypothesis 3: Lawyers with only "weak" ties in their respective colleague network are at an advantage in terms of income attainment.

In a nutshell, Lin's social resource theory (1999, 2000) states that access to prominent

others affords better information and more instrumentally meaningful network influence.

Reaching network contacts is important only to the extent that those contacts are highly

situated enough in the status hierarchy to be instrumentally effective. With respect to

lawyers, having colleague members who graduated from elite law schools constitutes one

powerful channel through which focal actors can receive beneficial resources. The

information and influence associated with higher-status network alters should lead to

more favorable economic outcome for lawyers: colleagues with prestigious law school

background and associated top-notch legal training not only possess themselves more

superior knowledge and skills but are also better connected with other practitioners of

commensurate status. Having such colleagues in one's communication network directly

contributes to the productivity and quality of the focal lawyer's performance. My last

hypothesis captures this network argument:

Hypothesis 4: Lawyers with a greater proportion of colleague members with elite law
school background earn higher income.

The next set of hypotheses addresses the role of network-transmitted status in the

stratification process, the main thesis of this paper. Ties to notables, who occupy

influential brokerage positions in the legal community at large, are crucial because

affiliation with such high-status actors can reduce the altercentric uncertainty that

pervades the market for lawyers. Prospective clients can infer the quality and potential of

the lawyer of interest from the prestige of his or her transactional partners. Or, elite

members of the bar may endorse him or her "by dropping the lawyer's name in tones of

approval and regard or by intervening more directly on the lawyer's behalf" (Sandefur et

al. 1999: 218). Notables are, by definition, endowed with a plethora of human and social

capital. Being connected to them translates into career success in the legal profession.

But returns on ties to notables are not uniform but vary according to the relative position

of each notable vis-à-vis one another. Not all of them have equal causal influence; what really matters is being tied to those that are more important, that is those with higher network centrality scores. I thus hypothesize that:

Hypothesis 5: The greater the number of relatively "high status" notable ties, the greater the earnings advantage.

As emphasized in previous discussions, the magnitude of reward to status depends on the uncertainty level faced by the interested buyers of legal services. Organizational scholars conventionally use the age of organizations, along with their size, as a proxy for the level of uncertainty. And they often include the product term of status (or legitimacy) and age in their analyses to predict firm performance (e.g., Stuart 1999; Stuart et al. 1999) and organizational failure (e.g., Baum and Oliver 1991). The guiding assumption there is that status benefits or organizational legitimacy counteracts against the liability of newness (and/or "smallness"). Similarly, I anticipate a statistical interaction between the status and age variables with respect to the market outcome for individual lawyers. I also consider another measure besides the age of practitioners as a proxy for uncertainty: tenure in an organizational employer. This, then, leads to the following two related hypotheses about the contingent effects of status on lawyers' income attainment:

Hypothesis 6a: The earnings return on network embedded status is greater for younger (more inexperienced) lawyers.

Hypothesis 6b: The earnings return on status is greater for those lawyers with a shorter tenure (more inexperienced) in the organization

RESULTS AND DISCUSSION

Tables 1 and 2 present the regression results using the two separate measures of uncertainty (age and tenure, respectively). First, contrary to Hypothesis 1, the coefficients for the network constraint variable are not only statistically insignificant but have a *positive* sign. This is the case with all the models from both regression tables. This unanticipated causal direction warrants an explanation in some detail. The positive coefficient, albeit insignificant, at least implies that, *ceteris paribus*, lawyers whose network structure is characterized by a lack of structural holes, one that is more densely connected, would experience greater income attainment. This finding stands in stark contrast to Burt's structural hole theory of the "social structure of competition" that predicts greater success with larger and *sparser* egocentric networks: managers with access to a larger number of structural holes are promoted faster than otherwise expected, for example. With respect to the legal profession, this seemingly anomalous result indicates that the information that travels through interpersonal communication channels is of greater value and of higher quality within more tightly, as opposed to loosely, knit networks. Thus professionals embedded in a denser network of law-related communication exchanges may be better off in terms of their income achievements. One possible interpretation for this is that intraorganizational access to timely and trustworthy information entails trust, reciprocity, and mutual support, elements which Burt does not treat explicitly in his theoretical elaboration. That is, network *closure* (Coleman 1988) rather than structural *autonomy* (Burt 1992) may be more relevant for the individual status attainment or mobility outcome in our specific empirical context.

In Coleman's view, social closure provides the social capital underlying some of the creation of human capital, as the title of his influential paper states. Dense relations foster the development of trust and norms that in turn allow rational actors to utilize their interpersonal social structures in mutually beneficial ways. As his empirical examples demonstrate, the operation of diamond markets, the existence of informal credit associations, and successful adolescent school performances are all possible because of network closure or dense embeddedness. Similarly, Portes' (1997, 1998) and Portes and Sensenbrenner's (1993) common focus on social capital in ethnic enclaves highlights the importance of "bonded solidarity" and "enforceable trust" that inhere in exclusive and closely monitored ethnic communities. In much the same way, members of the legal profession in the sample who are "constrained" by their dense network ties may actually have access to better legal information. Because prudent advice concerning legal matters is no doubt a scarce commodity, tapping into it may require a great deal of mutual trust and reciprocal obligations that are only available among relatively "closed" networks. Structurally isolated lawyers, it seems, do not enjoy the kinds of earnings advantage Burt's network analytic perspective would predict.

Looking at the job search in China's public sector, Bian (1997) finds that strong, not weak, ties that are bound by trust and reciprocal obligations are more instrumental, since they afford greater leverage for influencing government authorities who are in charge of assigning jobs often as favors to their contacts. Also related to this discussion is Uzzi's (1996, 1997, 1999) investigation of embeddedness and market exchange. He argues that close and personalized "embedded ties" provide crucial economic benefits that are absent in more impersonal arm's-length relationships. For example, valuable

privately held market information "is shared only within a set of trustworthy exchange partners," a critical process affecting how firms successfully acquire loans (1999: 483). The transfer of fine-grained information is also possible only within close network ties, as Uzzi (1996, 1997) further explains, which directly contributes to firm survival. In their study of the relationship between friendship network and information exchange, Ingram and Roberts (2000) similarly highlight the importance of network "cohesion." What is clearly relevant to the empirical findings here is that network density or concentration of network partners, instead of merely contributing to the circulation of presumably lower-quality redundant information, can offer mutual advantages for the parties involved. Burt's notion of *tertius gaudens*, i.e., the third actor that benefits from bridging the relational gap between two otherwise disconnected exchange partners, may not be the prototype of professional success. Structural holes provide crucial entrepreneurial opportunities in some instances, as Burt has convincingly demonstrated, but his network model cannot be seen as a universal formula for successful market competition. In fact, according to my analysis, lawyers who are embedded in a communication network with disconnected alters do not receive any significant income advantage.

The coefficient for Network Bridge further questions the conventional network image provided by Burt as well as Granovetter concerning structural holes or weak ties and economic outcome. The results from Tables 1 and 2 indicate that in direct contrast to Hypothesis 2, respondents who reported having at least one colleague who specializes in a field of law different from their own are worse off in the stratification process. Consistent with the earlier discussion on the effect of network constraint, it appears dense and closed network structure is more conducive to access to high-quality legal advice and

work-related information that contribute to lawyers' performance and earnings. This finding again deviates from Burt's emphasis on the role of what he describes as "institutional holes" (1992: 148-9). As he explains, "a manager with two contacts who are strongly tied to one another has no hole between the contacts… But if the first contact is head of engineering and the second is head of sales, the contacts take on a new light… Some managers built their networks to reach beyond their immediate work group, and so benefited from the access to institutional structural holes between their work group and other groups in the firm" (149). I do not find empirical evidence to support this view. What I do find suggests just the opposite: lawyers that construct "institutional bridges" across different legal specialties via their respective communication networks are penalized. It is the case that those who maintain a more homogeneous set of network contacts take better advantage of the fine-grained information transfer and ultimately higher income.

Conventional wisdom in the network literature suggests that in general sparser and more heterogeneous networks are the key ingredients to a more successful mobility outcome. This prevailing perception needs some qualification in light of the empirical findings of this paper. In the context of legal work, having colleagues who are tied to one another and share the same type of legal expertise, that is, being embedded in a dense and cohesive network, enhances the prospects of upward movement along the income hierarchy. The reported regression analyses illustrate that there may be an important contingent effect of social capital that has to do with the "interaction between network structure and content," as Podolny and Baron (1997: 674) earlier pointed out. In their article, they critically evaluate Burt's "structuralist conception" of social networks for

narrowly depicting network ties as more or less synonymous with the conduits of information and other resources that aid interpersonal, as well as interorganizational, competition. According to them, organizational identity, social support, and normative expectations are also highly central products of workplace interpersonal relationships. Competitions for career opportunities thus depend not only on network mediated market resources but also on non-instrumental elements such as identity and group support. Access to structural holes, they argue, is beneficial only for those types of networks that are strictly resource-based. For other network types of different content, structural holes may actually be an impediment. Their empirical results show that the effect of social capital conceptualized in terms of network size and density on intraorganizational promotion in fact varies according to the content of network relations.

That lawyers whose network structures are seemingly constrained outperform their structurally more autonomous counterparts, as this analysis suggests, supplements the growing view that stresses network contingencies (see, e.g., Gabbay and Zuckerman 1998; Sandefur and Laumann 1998). Sandefur and Laumann (1998) write, for example, "forms of social capital vary in the *effective specificity* of the benefits they confer" (483; italics in original). The specific form of social capital Burt's theory describes, one that is replete with holes or entrepreneurial opportunities, has *limited* effectiveness on individual mobility within organizations. Whereas Burt emphasizes sparse networks and nonredundancy among contacts, this paper underscores the value of more dense and cohesive networks. It can be advantageous to maintain the kind of network position that would allow the occupant to play the partners off against one another, but in other instances where cooperation, reciprocity, and trust among network actors matter a great

deal, structural autonomy may be of considerable disadvantage. The efficacy of network structure, therefore, is not universal but necessarily contingent upon "certain features of the institutional setting" in which it operates (Gabbay and Zuckerman 1998: 213). The findings of this paper, based on the specific institutional context of the legal profession, lend credence to this contingency perspective concerning the role of social capital in stratification and mobility.

The last two social capital variables, on the other hand, do support the mainstream network ideas dealing with egocentric uncertainty found in the literature.[5] In keeping with both Granovetter's weak tie argument (Hypothesis 3) and Lin's social resources hypothesis (Hypothesis 4), the coefficients for Strong Ties and Elite Alters are significant and point toward the expected causal direction, according to Table 1. First, controlling for other variables, having at least one colleague who is a family member has a significant negative effect on income. This is consistent with Granovetter's (1974) original findings on networks and job search, which showed how information from weaker social connections rather than those deeply rooted in friendship or kinship was of higher quality and led to better job placements. The parallel argument here is that lawyers who consult non-family contacts for legal advice are better able to tap into more novel non-redundant sources and thus receive higher earnings. Also consistent with Lin's notion that ties to high-status others provide better market outcome, the status of

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[5] The empirical support, however, is conditional. When the solo practitioners are dropped from the regression analysis (Table 2), these coefficients do not reach the conventional level of significance. This suggests that lawyers who have a related network structure are more likely to be solos. They are also less likely to have elite law school graduates as their network colleagues. Both observations make sense, since there is a great deal of homopholy that drives the interaction among lawyers, which is based on their specific practice settings. Because solos occupy the lower stratum of the professional hierarchy, their choice in network partner may be relatively limited, relegating some of them to interact with those to whom they are tied by kinship. Elite partners are also difficult to come by for solo practitioners, since lawyers with relatively high status and human capital seek other similarly elite ("homophilous) colleagues.

network colleagues, measured in terms of their law school background, translates positively into ego's income attainment. The greater the number of elite school graduates in the colleague network, the higher the earnings, net of other factors.

The positive and significant coefficient for the variable CENTRALITY supports Hypothesis 5, which states my main thesis, that affiliation with prominent alters confers status benefit and leads to the endorsement of the focal actor's unobservable and uncertain performance quality. Because these notables occupy influential brokerage positions, they possess a great deal of power and capacity at their disposal, which can be used, either directly (i.e., explicit sponsorship) or indirectly (i.e., network affiliation), to elevate the reputation of those acquainted with them. Net of a host other factors (human and social capital variables), having multiple notable ties contributes positively and significantly to higher income attainment for the respondents. This is the case using both measures of network centrality. The interaction term, which is included to test the prediction that the network endorsement process has a contingent impact on lawyers' earnings, is also in the expected direction and significant, supporting Hypothesis 6a. I hypothesize above that under more uncertain conditions (i.e., when lawyers are younger and hence their quality more difficult to discern), status benefits of knowing powerful and well-known peers shoulod play a greater role in reducing the future client's information asymmetry. The effect of linkage with prominent members of the legal community, by extension, should then decline with lawyers' age, as the altercentric uncertainty level surrounding the quality of a focal actor declines with that actor's legal professional experience. This view is borne out by empirical results. Because the quality of lawyers' work can be partially inferred from the overall prestige associated with the organization

in which he or she is employed, I also hypothesize that the endorsement effect interacts

with the length of organizational employment. Consistent with earlier findings, models

in Table 2 provide evidence for Hypothesis 6b which states that income benefits from

network affiliation with high-status members are greater for those lawyers (excluding

solo practitioners) with a shorter tenure, i.e., with less experience and greater uncertainty.

Holding constant other relevant factors, knowing notable lawyers provides lesser benefits

for practitioners who have acquired a greater amount of work experience and related

reputation (but also partly by virtue of organizational affiliation) compared with more

newly recruited employees who lack such market signals of quality.[6]

CONCLUSION

I have attempted to show in this paper that social networks provide two kinds of

benefits that are crucial for individual mobility and stratification. Scholars interested in

this topic have traditionally emphasized the role of network-transmitted information and

resources in various market outcomes, specifically for the focal actor (ego). Lin's (1999)

comprehensive survey of the literature makes clear that most of the academic attention

has indeed focused on the side of *ego*centric uncertainty. But as Podolny also points out,

the issue of *alter*centric uncertainty plays no less important a role in the arenas of

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[6] I also tested for the interaction effect expressed as a product of the mean-deviated values. These
additional models were estimated because of the multicollinearity issue arising from a high correlation
between the status variable and the interaction term. In their study of the network status effect on firm
growth in the semiconductor industry, Podolny, Stuart, and Hannan (1996) face a similar methodological
problem and undertake the conventional practice of mean deviating the variables of interest (age, tenure,
and centrality). I pursue the same strategy, and find that interaction terms remain unchanged and the
statistical result consistently supports the hypothesis concerning the network-status contingency argument.

interpersonal and interorganizational competition. In fact, whenever the market contains a minimum of quality uncertainty of some kind, the audience perception concerning the producer or provider is imperative. Although organizational scholars have begun to explore this type of uncertainty as it relates to the network conception of reputation, students of status attainment have yet to incorporate this approach into their analytic repertoire. My primary interest in this paper was to import this network-mediated status argument to the study of income attainment among a group of urban legal professionals.

Social networks have come to be understood as an essential part of market competition and related market outcomes, both at the individual and organizational levels. As this study illustrates in particular, social networks matter for both the demand and the supply sides of the market for legal service providers. They are important not only because networks directly provide economic benefits for ego but also because ego's status is partially embedded within the structure of network ties, from which the interested buyers can indirectly infer the quality of ego's products or services. Egocentric and altercentric uncertainties, though conceptually separable, thus constitute two sides of the same analytic issue. These dual aspects of social networks ultimately contribute to competition, stratification, and inequality among economic actors. Future research on status attainment should address these matters in more detail by probing into the resource and status benefits (or constraints) embedded in social networks.

TABLE 1. Unstandardized OLS Coefficients from the Regression of Logged Income on Status, Social Capital, and Control Variables: Chicago Lawyers Data, 1995

	MODEL1 (BETWEENESS)		MODEL2 (POWER)	
	Coefficient	*Std. Error*	Coefficient	*Std. Error*
MALE	0.0577	*0.0576*	0.0576	*0.0577*
MARRIED	0.1666**	*0.0555*	0.1663***	*0.0555*
WHITE	0.1479	*0.0965*	0.1546	*0.0967*
AGE	0.0998***	*0.0171*	0.0986***	*0.0171*
AGE_SQR	-0.001***	*0.0002*	-0.001***	*0.0002*
PARTNER	0.4576***	*0.0639*	0.4597***	*0.0639*
SPECIALIST	0.0379	*0.0556*	0.0347	*0.0557*
HOURS	0.0131***	*0.0017*	0.0129***	*0.0017*
%BUSINESS	0.0032***	*0.0006*	0.0032***	*0.0006*
CLASS_H	0.1935**	*0.0599*	0.1889**	*0.0601*
CLASS_M	0.1563**	*0.0566*	0.1555**	*0.0567*
ELITE	0.2326**	*0.0798*	0.2436**	*0.0797*
PRESTIGE	0.1707*	*0.0795*	0.1921*	*0.0795*
REGIONAL	0.0804	*0.0558*	0.0872	*0.0559*
SOLO	-0.273***	*0.0758*	-0.277***	*0.0759*
NETWORK CONSTRAINT	0.1228	*0.1076*	0.131	*0.1078*
NETWORK BRIDGE	-0.0717	*0.0542*	-0.0822	*0.0542*
STRONG TIES	-0.1848**	*.0701*	-0.1861**	*0.0702*
ELITE ALTERS	0.0842*	*.0374*	0.0891*	*0.0373*
CENTRALITY	**0.0018***	***0.0005***	**0.0054***	***0.0014***
AGE*CENTRALITY	**-0.00002****	***9.65e-06***	**-0.00007****	***2.73e-.05***
CONSTANT	7.185***	*.3936*	7.191***	*.3932*
N	574		574	
R-SQR	0.589		0.588	

* < .05
** < .01
*** < .001
(2-tailed test)

TABLE 2. Unstandardized OLS Coefficients from the Regression of Logged Income on Status, Social Capital, and Control Variables: Chicago Lawyers Data, 1995 (*excluding Solos*)

	MODEL1 (BETWEENESS)		MODEL2 (POWER)	
	Coefficient	*Std. Error*	Coefficient	*Std. Error*
MALE	0.0398	*0.0580*	0.0395	*0.0582*
MARRIED	0.7710**	*0.0579*	0.7563**	*.05810*
WHITE	0.0909	*0.0993*	0.0944	*0.0997*
AGE	0.1086***	*0.0176*	0.1089***	*0.0176*
AGE_SQR	-0.0011***	*0.0002*	-0.0012***	*0.0002*
PARTNER	0.3968***	*0.0629*	0.3993***	*0.0631*
SPECIALIST	0.0928	*0.0579*	0.0891	*0.0581*
HOURS	0.0094***	*0.0019*	0.0093***	*0.0019*
%BUSINESS	0.0027***	*0.0006*	0.0028***	*0.0006*
CLASS_H	0.2342***	*0.0612*	0.2277***	*0.0614*
CLASS_M	0.1879**	*0.0569*	0.1817**	*0.0570*
ELITE	0.3089***	*0.0789*	0.3200***	*0.0790*
PRESTIGE	0.2166**	*0.0792*	0.2417**	*0.0794*
REGIONAL	0.1041	*0.0569*	0.1101	*0.0572*
TENURE	0.0351***	*0.0052*	0.0354***	*0.0052*
NETWORK CONSTRAINT	0.0294	*0.1102*	0.0380	*0.1101*
NETWORK BRIDGE	-0.0412	*0.0537*	-0.0521	*0.0539*
STRONG TIES	-0.1168	*.0697*	-0.1158	*0.0699*
ELITE ALTERS	0.0618	*.0369*	0.0653	*0.0369*
CENTRALITY	**0.0011***	***0.0001***	**0.0029***	***0.0005***
TENURE* CENTRALITY	**-0.00003****	***8.03e-06***	**-0.00008****	***2.29e-.05***
CONSTANT	7.334***	*.4060*	7.322***	.4072
N	479		479	
R-SQR	0.506		0.507	

* < .05
** < .01
*** < .001
(2-tailed test)

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