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3 **BROKERAGE AS A PROCESS:**  
5 **DECOUPLING THIRD PARTY**  
7 **ACTION FROM SOCIAL NETWORK**  
9 **STRUCTURE**  
11

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15

17 **ABSTRACT**

19 *We argue for a broadened approach to brokerage by distinguishing*  
21 *between brokerage emphasizing a particular structural pattern in which*  
23 *two otherwise disconnected alters are connected through a third party*  
25 *("brokerage structure") and the social behavior of third parties*  
27 *("brokerage process"). We explore a processual view of brokerage by*  
29 *examining three fundamental strategic orientations toward brokerage:*  
*conduit, tertius gaudens, and tertius iungens that occur in many differ-*  
*ent forms and combinations. This processual view is especially relevant*  
*in increasingly complex and dynamic environments where brokerage*  
*behavior is highly varied, intense, and purposeful, and has theoretical*  
*implications for studying multiplexity, heterogeneity, and brokerage*  
*intensity.*

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1 Brokerage activity in which third parties facilitate the interactions of other  
 3 actors is central to a broad array of social phenomena ranging from the  
 5 marketplace to complex organizations. Brokerage is central to formal orga-  
 7 nizations, cross-organizational forms, and entrepreneurial founding and  
 9 growth. New technologies that have flattened the world and connect orga-  
 11 nizations and communities in new forms of coordination and digitally  
 13 enabled forms of organizing (Davis & Eisenhardt, 2011; Hansen & Haas,  
 15 2001; O’Mahony & Ferraro, 2007) have further amplified brokerage’s  
 17 importance. In short, brokerage is a crucial means by which intra- and  
 19 interorganizational networks evolve, expand, and drive change.

11 Given the central place of brokerage in a broad range of organizing phe-  
 13 nomena, what follows is the importance of establishing a sound theoretical  
 15 foundation that accommodates the many different forms that brokerage  
 17 takes. To date, the brokerage literature is often focused on the implications  
 19 and extensions of brokerage structure and the relative merits of closed and  
 21 open networks (e.g., Ahuja, 2000; Burt, 1992, 2004; Krackhardt, 1999;  
 23 Marsden, 1982). More recent work introducing brokerage process is often  
 25 subsumed into this open versus closed debate (e.g., Fleming, Mingo, &  
 27 Chen, 2007; Gargiulo, Ertug, & Galunic, 2009; Xiao & Tsui, 2007). What  
 29 follows joins an emerging stream of research that identifies various network  
 31 processes that are important in dynamic organizational phenomena like  
 33 technological innovation and entrepreneurship (Bizzi & Langley, 2012;  
 Davis & Eisenhardt, 2011; Long Lingo & O’Mahony, 2010; Obstfeld, 2005;  
 Vissa, 2012). In this paper, we argue that brokerage processes can be pro-  
 ductively separated from social network structure, and in particular, struc-  
 tural holes. As an extension to existing brokerage theory, we advance a  
 conceptualization of brokerage as a process that alters interaction between  
 two or more parties in a wide variety of triadic structures. This conceptua-  
 lization clarifies important differences in behavioral orientations toward  
 brokerage and their relationship to sources of brokerage motivation and  
 opportunity. Lastly, we consider important characteristics of networks –  
 multiplexity and heterogeneity – and how it shapes brokerage in relation  
 to brokerage intensity and the type of brokerage behavior.

## 35 **THE CONFLATION OF SOCIAL NETWORK** 37 **STRUCTURE AND BROKERAGE**

39 The current organizational literature on social networks and brokerage  
 typically employs a very specific meaning of brokerage involving an open

1 triad where a broker has tie to two alters who are not tied to one another.  
2 For example, in Padgett and Ansell's (1993) well-known study of  
3 Renaissance Florence, the Cosimo d' Medici's family benefits from their  
4 ties to elite families and the "new men," who are themselves disconnected.  
5 Research on boundary spanners suggests a world in which key gatekeepers  
6 link otherwise disconnected individuals across organizations (Allen, 1977;  
7 Tushman, 1977). Barley's (1996) ethnographic study of technical work  
8 describes certain computer technicians as brokers or "cutpoints" who  
9 bridge otherwise disconnected work communities. In their exploration of  
10 IPO deal networks, Pollock, Porac, and Wade (2004) introduce the idea of **AU:4**  
11 network architects as brokers who create and manage structural holes in  
12 mediated markets. In their study exploring the connection between broker-  
13 age and collaborative creativity, Fleming et al. (2007) define brokers as  
14 actors with ties to other collaborators who are not tied to one another.  
15 Relatedly, Xiao and Tsui (2007), in their study of the relationship of social  
16 network position to career networks in four high-tech Chinese companies,  
17 use structural holes to define brokerage. These various analyses are repre-  
18 sentative of a broad category of research that treats brokerage and open  
19 triads or structural holes as synonymous.

20 This open triad conceptualization of brokerage has a long tradition.  
21 Marsden (1982, p. 202) suggested that brokerage was a mechanism "by  
22 which intermediary actors facilitate transactions between other actors lack-  
23 ing access or trust in one another." Similarly, Fernandez and Gould (1994,  
24 p. 1457) indicate that brokerage is a "relation in which one actor mediates  
25 the flow of resources or information between two other actors who are not  
26 directly linked" and underscore that brokerage "... does not permit the  
27 endpoints of the brokerage relation to be directly connected." Consistent  
28 with this tradition, Burt (1992, p. 18) defines a structural hole as "a separa-  
29 tion between nonredundant contacts," and his subsequent empirical work  
30 (e.g., Burt, 1997, 2004) makes a compelling case for understanding many  
31 forms of organizing in terms of triadic social network structure.

32 Burt (1992) offers a theoretical underpinning for the advantages that  
33 accrue to actors with many structural holes in their networks and the  
34 mechanisms by which those advantages are secured.<sup>1</sup> Specifically, he sug-  
35 gests that brokers that stand between unconnected alters benefit both from  
36 the novel information that such a structure affords and the control benefits  
37 that allow the broker to leverage the disconnected actors against one  
38 another. This latter argument, in turn, draws on the work by Simmel  
39 (1950) regarding the *tertius gaudens*, or "third who enjoys." A broker with  
a *tertius gaudens* orientation who stands between disconnected alters can

1 benefit passively by not intervening in the conflict or disconnection between  
2 two alters or more actively by playing off alters against one another. Over  
3 time, structural holes theory has become the predominant conceptualiza-  
4 tion of brokerage because the structural holes-related measures generate  
5 compelling empirical evidence for the impact of structural holes on depend-  
6 ent variables at the individual and firm levels, and also because of the per-  
7 suasive triadic theoretical argument applicable to networks at the  
8 individual and firm levels (Burt, 1992).

9 The structural holes approach, however, does have certain limitations.  
10 These can be illustrated with two brokerage examples that feature the  
11 absence and the presence of structural holes. In the first case, imagine Jack,  
12 a professor in a business school. Jack walks down the hall to invite Sally  
13 and Jane to join him for coffee where they might discuss a potential colla-  
14 boration. Sally and Jane both know each other well, and are part of an  
15 accounting department whose faculty have collaborated with each other in  
16 every conceivable combination such that all faculty members have coau-  
17 thored papers, in one form or another, with every other faculty member.  
18 A similar relationship might be seen in a product development group or a  
19 loosely formed community of musicians. We argue that such an effort  
20 should be referred to as brokerage on Jack's part, despite the absence of a  
21 structural hole between Sally and Jane. Thus, the first case consists of a  
22 dense or cohesive network with an absence of structural holes, in which  
23 one individual undertakes coordinative action that generates some new col-  
24 laboration. It can also be that, in initiating collaboration between Sally and  
25 Jane, Jack deliberately leaves out Joe, who is also connected to Sally and  
26 Jane. Jack may have decided not to include Joe because of a past collabora-  
27 tion that did not turn out well, or because he fears that Joe's talent might  
28 put Jack's leadership of the new initiative in jeopardy. Here again, we have  
29 a case of brokerage behavior (i.e., *tertius gaudens*) taking place within a  
30 nominally dense network. By relaxing the central criterion for brokerage  
31 currently in use – absence of ties between alters – a new set of cases is gen-  
32 erated where coordinative action by a third, or *tertius*, might be fruitfully  
33 considered.

34 In the second case, we have an open triad where the broker, Jack, has  
35 ties to two unconnected actors, Matt and Deborah, but never does any-  
36 thing that involves linking across or leveraging the disconnection between  
37 the two ties. This presents us with the difficulty of characterizing such a  
38 pattern of relationships as brokerage when no social process has occurred.  
39 Taking this a step further, Jack may stand between many disconnected  
40 actors but, for any one of a variety of reasons, fails to take any action

1 that involves linking or leveraging of any pair of disconnected alters. If no  
2 such coordinative action occurs, is it useful to call Jack a broker? The  
3 identification of structural holes within a network does not necessarily  
4 implicate any specific social activity, including brokerage. Of course, we  
5 may regard the presence of structural holes as creating the potential for  
6 brokerage, but as we demonstrate in the first case, brokerage can occur  
7 without structural holes. The potential for brokerage is in the broker  
8 having ties to two or more parties, not in the ties or lack of ties among  
9 those parties.

10 In summary, we argue for expanding the theoretical terrain to make  
11 a distinction between strictly structural patterns (such as structural holes)  
12 that Burt and others have associated with brokerage, and the social beha-  
13 vior of brokering. There are two parts to this argument. The first part is  
14 the recognition that brokerage can occur in a wide variety of structural  
15 contexts, including closed, dense networks. The second part is a separation  
16 of motivation and opportunity, two elements that Burt (1992) deliberately  
17 conflates: "I will treat motivation and opportunity as one and the same ...  
18 network rich in entrepreneurial opportunity surrounds a player motivated  
19 to be entrepreneurial. At the other extreme, a player innocent of entrepre-  
20 neurial motive lives in a network devoid of entrepreneurial opportunity."  
21 Even when a given structural pattern provides opportunity for some  
22 kind of brokerage, the intent and intensity of brokering will vary. The  
23 broker's intent may be to extract short-term profit or develop long-term  
24 market access (Hallen, 2008; Pollock et al., 2004), to pursue profit at an  
25 individual or collective level (Kacperczyk, Davis, & Hahl, 2011; Ryall &  
26 Sorenson, 2007), and may range from strict self-interest to more complex  
27 combinations of individual, shared, or communal objectives (Klein,  
28 Ziegert, & Knight, 2006; O'Mahony & Ferraro, 2007). By brokerage inten-  
29 sity we mean the relative effort and range of brokerage behaviors (i.e.,  
30 *conduit*, *tertius gaudens*, and *tertius iungens*) at the broker's disposal, each  
31 of which will be explored in greater depth below. By opportunity, we  
32 mean the relative availability of complementary actors and resources.  
33 Often, these opportunities are for recombination of resources to create  
34 technological or cultural innovations that are not strictly determined by  
35 structure (Baker & Nelson, 2005; Obstfeld, 2005; Rodan & Galunic,  
36 2004). We argue that social network structure affects the ways that bro-  
37 kers do their brokering, but does not define it. Next, we will propose a  
38 new definition of brokerage that shifts emphasis toward the social process  
39 that occurs within a social network context but that unfolds independently  
of the network itself.

## 1           A RECONCEPTUALIZATION OF BROKERAGE

3   Marsden's (1982, p. 202) classic definition proposes brokerage as a mechanism  
 5   "by which intermediary actors facilitate transactions between other  
 7   actors lacking access or trust in one another." The expression "lacking  
 9   access or trust" corresponds to the nontie condition in Burt's definition of  
 11   structural holes, but is broader in acknowledging that the nodes being  
 13   brokered may have some kind of tie with each other (just not a sufficient  
 15   one). As a rhetorical device to highlight differences between our process-  
 17   based view and brokerage and more structural approaches, we adapt  
 19   Marsden's definition by changing three terms: "transaction," "intermedi-  
 21   ary," and "lacking access." First, we propose that brokerage concerns a  
 23   broad range of social activity, only a portion of which is implied by the  
 25   word "transaction." The language of transactions suggests an emphasis on  
 exchanges, particularly economic exchanges. We would, however, include in  
 our conceptualization of brokerage behavior activity where a broker relays  
 information between alters A and C (e.g., Gould & Fernandez, 1989), or  
 brings A and C together to talk about a new potential collaboration  
 (Obstfeld, 2005), or attempts to disconnect A and C (Davis, 2011) –  
 activities not fully represented by the "transaction" phrasing. We also see  
 brokerage as including activity involving conflict resolution (Simmel, 1950),  
 another category of activity not necessarily associated with transactions.  
 Finally, "transactions" suggest only discrete events of time where the  
 brokerage term should also be able to address a relational pattern of  
 engagement over time. A broker, for example, may facilitate the growth of  
 trust between two other parties over time.

27   We substitute the term "interactions" for "transactions," to denote a  
 29   broader scope of brokerage activity. By generalizing to "interactions," we  
 31   subsume the transfer and exchange associated with transactions as well  
 33   as other behaviors by third parties that would include a multiplicity of  
 35   activities associated with tertius iungens or tertius gaudens behavior. This  
 broader category of activity would also include not only discrete relational  
 events, but also social relations, or patterns of social engagement with  
 continuity over time. A face-to-face or e-mail introduction (i.e., an event),  
 as well as a pattern of activity that sustains or builds trust over time (i.e., a  
 relationship), would be understood as an interaction.

37   Second, we change Marsden's term "intermediary" because it implies  
 39   that the two parties with whom the broker engages do not have a tie with  
 each other. The intermediary case is certainly an important category of  
 brokerage situations, but it is by no means the only kind, and we do not

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1 want our brokerage definition tied to a particularly structural pattern. We  
2 view the broker as simply one of the parties. Where we do retain a struc-  
3 tural element is in limiting our attention to situations with three or more  
4 parties. Per Simmel (1950), the triad enables considerably more complex  
5 social dynamics than those found in the dyad, and that are often character-  
6 istic of numbers greater than three.

7 In our adapted version of brokerage, we set aside Marsden's lack of  
8 access condition which requires that the parties being brokered must be  
9 "lacking access to or trust in one another." Even though Marsden's version  
10 is less strict than Burt's structural holes definition in allowing the actors  
11 being brokered to have some kind of tie, it still implies that when there is  
12 trust between two parties, there cannot be brokerage by a third party, and  
13 as we have illustrated earlier, this is too strong.

14 In light of these considerations, we simplify and broaden the Marsden  
15 definition of brokerage to the following: "behavior by which an actor influ-  
16 ences, manages, or facilitates interactions between other actors." The defini-  
17 tion is broader than Marsden's in generalizing his transactions to  
18 interactions. It also avoids defining brokerage as a network structure by  
19 deleting the word "intermediary," and by not making the absence of ties  
20 between the two alters a condition for brokerage. Finally, the new definition  
21 adds to Marsden's original verb "facilitates," the action associated with  
22 "influencing" and "managing" to denote a broader range of activity that  
23 different forms of brokerage activity might involve. This opens the door for  
24 a more complex consideration of brokerage as a process that we consider  
25 next.

27

### 29 **THREE STRATEGIC ORIENTATIONS TO** 30 **BROKERAGE ACTION**

31

32 In order to more fully explore the range of brokerage behavior, we consider  
33 three basic categories of brokerage process: conduit, tertius gaudens,  
34 and tertius iungens. The first two, conduit and tertius gaudens are the most  
35 consistent with structural holes theory. These orientations often co-occur in  
36 dynamic contexts as in the case of Burt's (1992) entrepreneur who accesses  
37 novel information (conduit) to leverage advantage over certain alters  
38 (tertius gaudens).

39 *Conduit brokerage* involves the passing of information between parties  
(Burt, 2004; Obstfeld, 2005). In conduit brokerage, as the term suggests,

1 the third party relays information from one alter to the second alter with-  
out attempting to change the relationship between the alters. The broker  
3 mediates rather than moderates the relationship between two others. For  
example, a broker who learns of a new technological breakthrough or  
5 change in one social domain is poised to deliver his or her knowledge to a  
second actor or domain that does not have that information (Hargadon,  
7 2002). The broker may extract a reward for this service to the extent that  
the service is unique. This is not the same as the structural condition of  
9 being the only one who has ties to both domains because transferring the  
information requires motivation to do so and may require special skills  
11 identifying novelty in one location that is valued in a second community  
(Fligstein, 2001).

13 Different varieties of conduit brokerage entail different levels of effort  
and skill on the part of the broker. Burt gives several examples of brokers  
15 providing value in this way. For example, group A may have a problem  
that group C has solved, and the broker is the one who transfers the  
17 solution. An everyday instance of this is the retailer who sells products  
(from A) to consumers (C). Note that retailers are typically not unique in  
19 being the only available intermediary, and that consumers are often able to  
purchase directly from the manufacturer. The reason for purchasing from  
21 the retailer will have to do with characteristics of the retailer, such as  
convenient location, or the ability to convince the buyer. Another case is  
23 where A has a problem and C has solved an analogous problem. The solu-  
tion can't be transferred as is, but the broker can nevertheless use it to solve  
25 A's problem. This case requires even more from the intermediary in terms  
of skills and effort, and this explains why a given broker may be used, even  
27 when A and C have significant relationships. Finally, Burt discusses the  
case where the broker's knowledge of both A and C culture (e.g., technolo-  
29 gical culture) enables the broker to synthesize the two knowledge bases and  
provides value to one or both parties. Here again, the essential point is the  
31 broker's involvement with both parties, not whether the parties have or do  
not have direct relationships. If every member of A is well connected to  
33 every member of C, the one who in the end performs the synthesis is the  
one who had the motivation and right combination of abilities to solve the  
35 puzzle.

Conduit brokerage involves minimal "management" of the alter–alter  
37 relationship on the part of the broker and can occur unintentionally  
(Owen-Smith & Powell, 2003). While conduit brokerage does not typically  
39 entail changing the relationship between actors, such an outcome is not  
inconsistent with conduit brokerage. A real-estate broker might buffer the

1 relationship between a buyer and a seller, ferrying offers and counteroffers  
back and forth, but the end result is a signed deal – an interaction between  
3 the buyer and the seller. Similarly, marriage brokers initially serve to avoid  
direct contact between the parties, but the eventual goal is the establish-  
5 ment of a strong bond.

There are several considerations regarding conduit brokerage worth not-  
7 ing. The first concerns the degree of discovery involved in the identification  
of information or knowledge that the broker can productively ferry between  
9 two domains. A second involves the extent to which the value the second  
community places on the new information is contingent on the broker's  
11 explication or translation of the information being ferried. Third, the broker  
may endeavor to ferry accurate, filtered (some information withheld),  
13 ambiguous, distorted (Burt, 1992), or supplemented information. Finally,  
the broker may demand, or hope for, a reward or rent in exchange for  
15 supplying information. Alternatively, a broker may ferry multiple novel  
social facts from one community to the other without any immediate  
17 harvesting of value. This latter case suggests that the rents potentially asso-  
ciated with conduit brokerage are not automatic and rely on the motivation  
19 of the broker (e.g., to help, to increase his or her status, or to make money)  
as well as the ability of the broker to charge rents. Conduit brokerage intent  
21 might range from the altruistic and rent-free knowledge facilitation to  
exploitation by a broker who steals information from the first alter to gain  
23 some benefit with the second alter.

Conduit brokerage is consistent with the knowledge advantage asso-  
25 ciated with structural holes (Burt, 1992), but structural holes are not a  
requirement as we can readily imagine situations where conduit brokerage  
27 is a common occurrence in structures where alters are already tied in some  
way. Let us return to the business school where Jack is a professor who has  
29 ties between Sally, who does research on organizational alliances, and  
Jane who studies innovation. In conversation with Sally about her recent  
31 paper submission, Jack learns of several of Sally's papers relevant to Jane's  
study of innovation which he subsequently brings to Jane's attention. The  
33 probability that Jack brings novel information from Sally to Jane when all  
three have ties is less likely than in a case where Sally and Jane have no ties,  
35 but certainly possible and consequential. This suggests a specific case where  
conduit brokerage may take place in a dense network of ties.

37 Consider a second case of a multidisciplinary scientific team solving tech-  
nical problems. Suppose a businessman (the broker) relies on the skills and  
39 knowledge of an anthropologist and a chemist. Because this disciplinary  
knowledge is difficult and time consuming to transfer, it is unlikely that, if

1 the anthropologist and the chemist became fast friends, the business  
could safely rely on just the chemist for the anthropologist's knowledge, or  
3 vice versa, and there might still be a role for the businessman as conduit. In  
general, arguments for the information benefits of having disconnected  
5 alters work best for highly contagious information such as news of current  
events and gossip. In other cases, what makes knowledge capable of being  
7 transferred is that the receiver possesses the background knowledge needed  
to comprehend it. Similarly, in their work on the diversity-bandwidth trade-  
9 off, Aral and Van Alstyne (2011) found that greater channel bandwidth  
(e.g., stronger ties connecting the triad) is often positively associated with  
11 the exchange of more diverse, complex, or nonredundant information.

Conduit brokerage involves a form of mediation where the broker B is a  
13 go-between or intermediary between A and C. B might also be a firm that  
buys materials from a supplier, transforms them, and sells them to a custo-  
15 mer. Conduit brokerage encompasses transmission of flows (e.g., informa-  
tion, gossip, diseases). Conduit brokerage can be contrasted with the  
17 several types of "moderation" brokerage that we consider later – *tertius*  
*gaudens* and *tertius iungens*. In moderation brokerage, the broker B alters  
19 the relationship between A and C in some way. The simplest version of  
moderation brokerage involves the creation of a tie between alters where  
21 none existed before. A more complex form of moderation brokerage would  
involve the alteration of an existing tie by adding or increasing strength of  
23 a specific relational dimension: a broker may bring two parties together at  
the negotiation table or to collaborate in an innovation process by forging  
25 a trust tie (as in the Marsden brokerage definition) where before it was  
weak or nonexistent.

27 In conduit brokerage, A and C may never meet (or even become aware  
of each other), and it may be in B's interest for this not to happen. B's  
29 intent may range from benign to exploitive. Conduit brokerage is a com-  
paratively simpler brokerage form given its correspondence with more  
31 established themes associated with knowledge transfer. Less attention has  
been paid to the related processes associated with *tertius gaudens* and *ter-*  
33 *tius iungens* though they are equally important to a process-based view of  
brokerage.

35 *Tertius gaudens brokerage* refers to situations where a broker maintains  
or exploits unfamiliarity, competition, or conflict between parties main-  
37 tained actively or through purposeful inaction. This brokerage orientation,  
first articulated by Simmel (1950) and later explored by Burt (1992) in con-  
39 nection with structural holes theory, involves a strategic intent and effort  
to generate advantage presented by the disconnection between two parties.<sup>2</sup>

1 In his exploration of the *tertius gaudens*, Simmel explored several enabling  
2 conditions for *tertius gaudens* brokerage including relative parity between  
3 competing alters, which allows the broker to choose between the two inter-  
4 ests. *Tertius gaudens* brokerage might also involve simply leveraging or  
5 preserving unfamiliarity between alters in the absence of parity or similar-  
6 ity. While the disconnection between alters leveraged by the *tertius gaudens*  
7 often assumes the absence of an alter–alter tie (Burt, 1992), there are  
8 numerous exceptions to such an assumption.

9 Simmel proposed a related brokerage style, *divide et impera* (divide and  
10 conquer), where the third more actively encourages conflict between alters:  
11 “The distinguishing nuance consists in the fact that the third element inten-  
12 tionally produces the conflict in order to gain a dominating position”  
13 (Simmel, 1950, p. 162). For parsimony, we consider *divide et impera* as a  
14 variant of the *tertius gaudens* orientation as it involves neither conduit nor  
15 the joining behavior associated with the *tertius iungens* examined below.  
16 As Burt (1992) points out, the *tertius gaudens* strategy may involve rivals  
17 in pursuit of the same relationship, as in the case of two or more buyers  
18 who want to buy the same object, or simultaneous demands made by alters  
19 in separate relationships with the *tertius*. Alter–alter antagonism may be  
20 strong and the potential for contact between alters also poses the risk that  
21 they could align to eliminate the *tertius*’ leverage and even conspire  
22 together against the *tertius*. As Simmel (1950, p. 160) indicates: “The favor-  
23 able position of the *tertius* disappears quite generally the moment the two  
24 others become a unit – the moment, that is, the group in question changes  
25 from a combination of three elements back into that of two.”

26 *Tertius gaudens*-like behavior, however, may also take place in the  
27 presence of alter–alter ties. In the competing buyers example noted above,  
28 the buyers might be quite aware and even know each other, and have  
29 extensive familiarity with their competing demands. In the case of Simmel’s  
30 *divide et impera*, for example, the active conflict fomented by the broker  
31 constitutes a negative tie between the alters, and may suggest the existence  
32 of a prior tie of some kind. Burt (1992, p. 33) suggests the limits to the  
33 no-tie-between-alters condition when he indicates, “successful application  
34 of the *tertius* strategies involve bringing together players who are willing  
35 to negotiate, have sufficiently comparable resources to view one another’s  
36 preference as valid, but won’t negotiate with one another directly to the  
37 exclusion of the *tertius*.” Such a specification of *gaudens* behavior suggests  
38 the possibility of some form of relationship between alters. Similarly, Burt  
39 (1992, p. 31) offers Merton’s concept of the role-set to suggest a *tertius*  
*gaudens* behavior where the player at the center of a negotiation assigns to

1 competing members of the same role-set the task of resolving their contra-  
2 dictory demands. In such an example, the absence of a tie between alters is  
3 clearly violated (and even suggests a *tertius iungens* linking behavior, as  
4 discussed below). More generally, a broker B facing a close relationship  
5 between A and C can attempt to win C's favor, making A jealous of B and  
6 angry with C. By then courting A, the broker B can remove A's jealousy  
7 while preserving A's anger with C.

8 In sum, we suggest that the competitive posture found in Simmel's  
9 *tertius gaudens* behavior appears to have validity independently of a struc-  
10 tural condition and may involve cases where competing alters are aware of,  
11 or actually have a relationship with, one another. The role of information  
12 movement, central to the conduit brokerage orientation, is often also  
13 central to the *tertius gaudens*. Burt's (2000, p. 355) observation that  
14 "accurate, ambiguous, or distorted information is strategically moved  
15 between contacts by the *tertius*" can evolve into information strategies  
16 where information is altered or withheld to keep alters apart or encourage  
17 conflict. Information is also central to the conduct of the *tertius iungens*.

18 *Tertius iungens brokerage*, the last basic form of brokerage considered  
19 here, involves the broker's introduction or facilitation of two other parties.  
20 Where the *gaudens* leverages disconnection or negative ties, the *iungens*  
21 actively pursues coordination. Obstfeld (2005) also suggests a distinction  
22 between brief *iungens* and sustained *iungens*. Brief *iungens* refers to interac-  
23 tions involving discrete episodes of introduction where the broker intro-  
24 duces or facilitates ties between parties and a continuing coordinative role is  
25 unnecessary, diminishes in importance, or is simply not offered. Sustained  
26 *iungens* is where the broker's ongoing facilitation is required. While the *ter-  
27 tius iungens* takes Simmel's treatment of the nonpartisan as a precedent  
(Obstfeld, 2005), Simmel's nonpartisan is concerned only with the reconcil-  
28 iation of tensions between antagonistic parties and does not consider the  
29 case of the *tertius iungens* introducing previously unconnected alters.  
30 Network expansion, whether in the form of entrepreneurial start-ups or  
31 emerging social movements, is likely to involve this connecting of previously  
32 unconnected parties.

33 References to *tertius iungens* brokerage often assume a structural hole  
34 network as a necessary condition for *tertius iungens* brokerage; however,  
35 the potential for *tertius iungens* brokerage to occur in either dense or sparse  
36 networks is anticipated in Obstfeld's (2005, p. 100) definition: "a strategic  
37 behavioral orientation toward connecting people in their social network by  
38 either introducing disconnected individuals or facilitating new coordination  
39 between connected individuals." In the definition's first case, the *tertius*

1 introduces disconnected individuals – a structural holes case. In the defini-  
2 tion's second case, however, the tertius facilitates coordination between  
3 previously tied individuals. The brief and sustained iungens examples,  
4 taken together, suggest the tension between the presence and absence of  
5 ties. In the case of the brief iungens, the mere introduction of alters sug-  
6 gests the elimination of the alter–alter structural hole. The sustained iun-  
7 gens case, however, suggests that despite a connection between alters, some  
8 aspect of alter–alter disconnection may endure that necessitates sustained  
9 engagement of the tertius to secure the iungens brokerage interaction.

10 Tertius iungens microprocesses may present a variation on the knowl-  
11 edge transfer work associated with conduit brokerage. Where the conduit  
12 locates, ferries, and in varying degrees, translates information and opportu-  
13 nities, the iungens also marshals information, but with the aim of inducing  
14 collaboration (Fligstein, 2001). Both conduit and iungens draw on knowl-  
15 edge articulation, or the social process by which knowledge is made  
16 more explicit, useful, or relevant to the situation at hand (Obstfeld, 2005,  
17 2011, 2012). The vehicle for such knowledge work is often achieved  
18 through the use of analogies, metaphors, and stories. Imagine a case where  
19 Fred endeavors to create collaboration around a creative project (Obstfeld,  
20 2012) that will enlist Gloria and Libby. In the simplest case, Fred presents  
21 the project idea at a lunch meeting with Gloria and Libby in the form of a  
22 story that describes the project's origins, objectives, collaborative dynamics,  
23 and successful conclusion with the associated enhancements to wealth and  
24 status.

25 Alternatively, Fred may sense that such a one-step, in-person meeting is  
26 premature, given the lack of complete alignment between Gloria's and  
27 Libby's interests. In this second case, Fred approaches Gloria first with a  
28 version of the proposed project, story  $P_G$ , tailored to appeal to Gloria's  
29 particular interests and concerns, and then approaches Libby with a second  
30 version of the project story,  $P_L$ , tailored to Libby. With these two success-  
31 ful dyadic interactions in hand, he now introduces the project at the lunch  
32 meeting with Gloria and Libby through a third version of the project,  $P_{GL}$ ,  
33 that reflects what Fred learned in the previous two exchanges, and which is  
34 tailored to maximize the joint appeal to Gloria and Libby. Not surpris-  
35 ingly, Fred may choose to begin with the points of greatest appeal to both  
36 Gloria and Libby and omit altogether those issues particularly objection-  
37 able to either. In considering this tertius iungens scenario, we can imagine  
38 additional wrinkles that involve the continual enhancement of the project  
39 story as appeals to new alters are made or new story features with broad  
40 appeal are discovered.

1 The sequence of Fred's enlistment of first Gloria and then Libby might  
2 be understood as an embellishment on Weick's double interact (1979)  
3 meant to specify the communicative act central to organizing. In the double  
4 interact, someone acts, for example by communicating a message to a sec-  
5 ond person, the second person responds, and the first person makes an  
6 adjustment to their original message based on that response. The "double"  
7 in double interact refers, for example, to Fred's initial appeal to Gloria and  
8 Gloria's response (interact #1) followed by Fred's adjustment of his  
9 message (interact #2). In our vignette, the Fred–Gloria double interact is  
10 followed by a second double interact involving Fred's similar recruitment  
11 of Libby. These two double interacts lay the groundwork for Fred's *tertius*  
12 *iungens* connection of Gloria and Libby. We might refer to the entire cruci-  
13 ble of *iungens*-motivated coordination described above as a triadic interact  
14 and in so doing extend Weick's original double interact idea.

15 The triadic interact suggests the microprocesses essential to *tertius iun-*  
16 *gens* action, demarcating a crucial arena of organizational coordination  
17 not fully addressed in Weick's original pathbreaking work. Indeed, Weick  
18 (1979) briefly mentions the triad as an alternative fundamental building  
19 block of organizing. We argue that the triadic interact serves as the funda-  
20 mental unit of coordination and scaling for the creative projects associated  
21 with organizational growth and emergence.

22 Given the active role of knowledge and knowledge articulation in the  
23 *tertius iungens*' connecting work, it's not surprising that the *tertius iungens*  
24 measure is highly correlated with survey measures of knowledge articula-  
25 tion operationalized in terms of use of analogies, metaphors, and stories  
26 (Obstfeld, 2011, 2012). The articulation of analogies, metaphors, and  
27 stories are frequently the means by which the *tertius* enlists and connects  
28 alters. This central role of knowledge and information to *iungens* coordina-  
29 tion also suggests the strong kinship of *conduit*, *tertius gaudens*, and *tertius*  
30 *iungens* brokerage.

31 While brokerage may in some cases involve a choice between one  
32 brokerage strategy and another (e.g., Shi, Markoczy, & Dess, 2009), as  
33 noted earlier, brokerage strategies often entail a combination of *conduit*,  
34 *iungens*, and *gaudens* forms of brokerage. Certain strategies might be pur-  
35 sued simultaneously in different parts of the broker's network or can evolve  
36 from one (e.g., *conduit*) to another (e.g., *iungens*) over time. Every dinner  
37 party, for example, involves invitations extended to some and the choice to  
38 exclude others in the network deemed inappropriate for the occasion. The  
39 reasons such invitations are extended or withheld may range from compat-  
40 ibility of the invitees to the number of seats at the dinner table.

1       Recent brokerage research emphasizes the use of multiple brokerage strategies. Long Lingo and O'Mahony's (2010) study of independent country  
3 music producers found that producers adjusted their brokerage practices in response to the ambiguity they confronted, but displayed combinations of  
5 gaudens and iungens brokerage at every phase of their creative process. Moreover, Davis's (2011) study of innovative alliances in the computer  
7 industry found that active pruning of old ties may be necessary before managers can effectively facilitate new ties, suggesting that sequences of gaudens  
9 and iungens behavior are sometimes necessary. Ozcan and Eisenhardt (2008) found that becoming a broker in the mobile gaming industry requires  
11 simultaneous iungens activity with two alters coupled with the threat to disconnect either party to motivate both parties to be brokered, suggesting  
13 that gaudens can induce iungens in real time. Most recently, Burt et al. (2013) found that sequences of engaging and disengaging from closed networks that they refer to as "serial closure" provide greater advantage than  
15 similarly structured networks that are consistent over time. Such episodes of closure might emerge, according to Burt et al. (2013), from reversals that  
17 drive changes in status. These closure episodes might alternatively stem from the temporary pursuit of creative projects (Obstfeld, 2012) that bring  
19 together clusters of similarly focused actors. In either case, this study suggests how actors might pursue network advantage by employing different  
21 sequences of brokerage strategies over time. Taken together, these emerging examples demonstrate how effective brokerage strategies may require  
23 complex combinations and sequences of different brokerage behaviors over time and how skilled actors (Fligstein, 2001) may command repertoires  
25 comprised of multiple brokerage behaviors for this purpose.

27

29                   **HETEROGENEOUS BROKERAGE NETWORK**  
31       **STRUCTURES: AN EXPANDED VIEW OF BROKERAGE**  
33       **INCORPORATING MULTIPLEXITY AND VARIANCE IN**  
                  **ALTER ATTRIBUTES**

35       If moderation brokerage (i.e., tertius gaudens and tertius iungens) involves the creation, alteration, or intensification of social ties, then the nature and  
37 pattern of existing ties and their subsequent alteration deserves closer consideration. For our purposes, we consider social ties to vary by strength and  
39 type (also referred to as "content"). Furthermore, a given pair of actors can be connected by multiple kinds of ties simultaneously, a condition known as

1 multiplexity. We also examine the implications of heterogeneity in actor  
 3 attributes such as resources, skill, and motivation. We therefore introduce  
 5 these considerations into an expanded consideration of the distinction  
 7 between open (i.e., the absence of alter–alter ties) and closed brokerage  
 9 structures.

### 7 *Multiplexity*

9 Consider the tertius iungens case discussed earlier where Jack brokers a  
 11 potential collaboration between his friends Sally and Jane, who are already  
 13 friends and previous collaborators. A more nuanced version of this case  
 15 might be the case where Jack brokers a collaboration between colleagues  
 17 Serena and Jill who are friends with each other, but have not collaborated  
 19 before. What Jack does is modify the alters' relationship so that it now  
 21 incorporates a new collaborative tie, thus adding additional tie content to  
 23 the existing alter–alter relationship, making it a multiplex relationship.

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17 It is worth noting that, if we mapped friendship ties, the Jack, Serena,  
 19 and Jill triple would appear to be a closed triad. But if we mapped colla-  
 21 boration ties (prior to the brokerage activity), the triad would appear to be  
 23 open. But it is also possible that Serena and Jill have collaborated before,  
 25 but this new project involves new content that requires Jack's facilitation.  
 27 As this illustrates, there is a sense in which the distinction between open  
 29 and closed triads is artificial, dependent on selective blindness on the part  
 31 of the researcher. With recognition of the multiplex triad (Shipilov & Li,  
 33 2012), the distinction becomes less clear and less important.

27 At this point, it is useful to recall Marsden's definition of brokerage in  
 29 which alters share a tie but "lack trust," an important case in the real  
 31 world. Actors may have some kind of tie with nearly everyone in a given  
 33 professional space, but might never consider collaborating unless a trusted  
 35 broker (e.g., with strong broker–alter ties) functions as a tertius iungens to  
 facilitate sufficiently increased trust to make collaboration possible. In one  
 case, the presence of alter–alter trust is dependent on the presence of the  
 broker. In another case, the broker facilitates the development of trust  
 between alters, adding another dimension to their relationship.

### 37 *Heterogeneity*

39 According to Simmel, homogeneity in strength and kind of tie in triads  
 provides the most obvious opportunity for tertius gaudens brokerage.

1 Simmel (1950, p. 157) suggests that the *tertius gaudens* gains advantage  
when the two vying parties “keep one another in approximate balance.”  
3 Simmel (1950, p. 159) indicates, “... the advantage accruing to the *tertius*  
derives from the fact that he has an equal, equally independent, and for  
5 this very reason decisive, relation to two others.” The substitutability of the  
alters from the broker’s perspective – both in terms of type of tie and type  
7 of alter – is what allows the two alters to be played off one another,  
whether such alters are suitors pursuing a romantic relationship with the  
9 same individual, or sellers competing for the same contract.

In contrast, for both conduit and *iungens* forms of brokerage, it is  
11 the nonsubstitutability of alters that presents enhanced opportunities for  
the broker. In conduit brokerage, the broker provides value to one group  
13 by providing them with needed resources derived from another group.  
The potential for providing value through conduit brokerage is a function  
15 of the differences between the parties connected by the broker. Similarly,  
*tertius iungens* brokerage is most opportune when the broker detects  
17 opportunities to connect complementary, rather than redundant, alter attri-  
butes such as resources and abilities. At the same time, *iungens* brokerage  
19 connecting those with differing ties or attributes brings with it the corre-  
sponding challenge of coordinating dissimilar backgrounds and interests,  
21 what Obstfeld (2005, p. 101) describes as the “action problem,” namely  
that “dispersed, unconnected people found around structural holes are  
23 inherently more difficult to mobilize or coordinate ... .” Put differently,  
such heterogeneity presents greater potential broker payoffs associated  
25 with novel combinations but also presents greater risk of incompatibility  
and therefore failure.

27

29

## IMPLICATIONS

31

We conclude our consideration of brokerage process by exploring some  
33 implications that a brokerage process emphasis illuminates with respect to  
network phenomena. The central intuition here is that brokerage process –  
35 as opposed to brokerage structure – is of increasing importance to broker-  
age outcomes as brokers encounter more complex and dynamic social  
37 settings. Under such conditions, structural advantages are more difficult to  
maintain and leverage, while deployment of brokerage behaviors provides a  
39 means for adapting to these multifaceted and rapidly evolving circum-  
stances. The second and related intuition is that *tertius iungens* may become

1 more important than *tertius gaudens* for achieving high performance in  
these complex and dynamic settings. We examine two aspects of brokerage  
3 process – brokerage intensity, or the relative effort and range of brokerage  
behaviors (i.e., *tertius gaudens*, *tertius iungens*, and conduit) at a given bro-  
5 ker’s disposal, and the ratio of *tertius iungens* and *tertius gaudens* activity.

Before we briefly explore these implications, we wish to propose, in sim-  
7 ple terms, what we mean by “more complex and dynamic social settings.”  
Consider a given network as a “cast” of characters. We argue that the cast  
9 would have four basic properties: (1) the actual identities of the cast (i.e.,  
who the cast members are); (2) the size of the cast; (3) the relationship  
11 between the various cast members (the raw data from which various net-  
work properties are determined); and (4) the resources, be it knowledge or  
13 wealth, that cast members might possess. By “dynamic,” we mean to suggest  
that the four properties of the cast are changing versus staying constant. By  
15 “complex,” we mean to suggest that more, as opposed to less, of the cast’s  
identities, relationships, and resources are heterogeneous.

17 Greater heterogeneity in identity (e.g., ethnicity, professional origin, or  
even interests and objectives), in relationships (e.g., tie content involving  
19 various combinations of such ties as friendship, advice, professional ties)  
and resources poses anyone operating in such a network context with more  
21 of an “action problem,” or the challenge of coordinating people with differ-  
ent interests, unique perspectives, and language (Obstfeld, 2005). We pro-  
23 pose that increases in heterogeneity demand greater brokerage intensity in  
order to produce cooperation, coordination, or other results.

25 While broker facilitation occurs in all structures, such facilitation  
becomes more labor intensive in the face of heterogeneity where the broker  
27 needs to do more active coordinative and translation work (Beckman &  
Haunschild, 2002). More brokerage intensity (in the form of conduit, *tertius*  
29 *gaudens*, and *tertius iungens* brokerage behavior) allows brokerage action  
to match the complexity posed by heterogeneous networks.

31 Broker repertoires consist of different combinations of conduit, *tertius*  
*gaudens*, and *tertius iungens* behaviors, and as noted earlier, skilled broker-  
33 age often involves selective deployment of these approaches with different  
actors or for different objectives. We argue that different combinations of  
35 *tertius iungens* and *tertius gaudens* behavior are necessary to tailor broker-  
age strategies to match the situation. *Tertius gaudens* strategies involve the  
37 restriction of alter–alter activity by either keeping certain alters apart or  
actively cultivating alter–alter tension in a given interaction, whereas *tertius*  
39 *iungens* strategies involve facilitating selected interactions among alters.  
Because of its selective capacity, *iungens* can be used to facilitate the highest

1 performing interactions between two alters perceived by the broker.  
Consequently, we expect that iungens behavior becomes relatively more  
3 useful in generating and testing increasing numbers of new combinations as  
heterogeneity increases. Compared to tertius gaudens, which avoids interac-  
5 tions, heterogeneity provides an amplified opportunity for tertius iungens  
behavior to profitably combine actors (along with the resources they pos-  
7 sess) in novel combinations. While some gaudens behavior may be required  
to occasionally exploit the value of arbitrage opportunities that exist, as  
9 heterogeneity increases we expect that higher value can be gained from  
greater application of iungens-style facilitation or connection. By contrast,  
11 homogeneity creates a state of status quo where fewer combinatorial or  
arbitrage opportunities are available so that most rewards are to be found  
13 through a relatively higher emphasis on gaudens behavior. We therefore  
argue that tertius iungens behavior tends to increase in importance in  
15 comparison to tertius gaudens as heterogeneity increases. For these same  
reasons, we expect that conduit brokerage becomes increasingly frequent  
17 and consequential with increased heterogeneity.

19

21

## CONCLUSION

23 The classic network literature (e.g., Granovetter, 1973; Homans, 1950;  
Simmel, 1950) directs our attention to the crucial role of the triad in under-  
25 standing microsocial, interorganizational, and cross-level organizational  
phenomena. Brokerage theory constitutes one of the most elaborated areas  
27 of social network research. Substantial advancements in our understanding  
of the nature and implications of brokerage structure have opened up the  
29 opportunity and need for a corresponding attention to brokerage process.

Future research can fruitfully explore the paths of action, practices, and  
31 motivations associated with the use and interplay of these different broker-  
age approaches over time. The recent interest in network evolution, for  
33 example, necessitates examination of structural changes over time, but also  
a concomitant attention to the social processes associated with such  
35 changes. Indeed, while we have employed a somewhat cross-sectional  
approach to unpack the distinctions between three brokerage orientations  
37 (i.e., conduit, tertius gaudens, and tertius iungens), it is important to note  
that the manifestation of these different brokerage orientations can only be  
39 fully understood in terms of how multiple agents employ different  
sequences of brokerage behavior to achieve various ends over time. Such

1 brokerage behaviors may be deployed in either more patterned, predictable,  
or emergent action trajectories. If deployed in repetitive patterns over time,  
3 such trajectories would be characterized as routines, whereas emergent tra-  
jectories of interdependent action would involve newly emerging creative  
5 projects (Obstfeld, 2012). Future research, for example, can unpack the  
sequences of brokerage activity characteristic of entrepreneurial start-ups  
7 or other forms of collective action.

Our brokerage process perspective suggests new ways for understanding  
9 and analyzing how brokerage behavior influences organizational outcomes  
both inside organizations and in cross-level or interorganizational contexts  
11 (Brass, Galaskiewicz, Greve, & Tsai, 2004; Moliterno & Mahony, 2011).  
At a more microlevel, for example, our approach suggests how relational  
13 work can be understood in a variety of contexts (Bandelj, 2012). At a cross-  
level of analysis, different forms of relational work or social skill might  
15 account for why similarly structured organizations might have different  
impacts on their members. Small (2010), for example, referenced a broker-  
17 age process argument to account for how similarly constituted New York  
childcare centers were more or less engaged in helping mothers access  
19 resources. A brokerage process perspective can also further illuminate inter-  
organizational phenomena such as alliance formation (Gulati, 1998) or  
21 buyer–supplier relationships (Choi & Wu, 2009).

It is important to avoid the simplistic association of certain motives or  
23 ethics with any of the brokerage orientations explored here. Many different  
motivations might accompany an act of brokerage. *Tertius iungens* broker-  
25 age might involve the desire to create or build an organization through the  
assembly of resources or the inclusion and connection of certain nodes, but  
27 just as likely might involve the simultaneous exclusion of others or the  
enhancement of the broker’s reputation by creating a valued introduction.  
29 The broker might benefit his or her alters by introducing lovers, or entre-  
preneurs and investors, but might similarly benefit one or more alters by  
31 assuming a *gaudens* orientation to keep potential competitors or comba-  
tants apart. *Tertius iungens* activity might also create unintentional or  
33 unseen “harm” by facilitating a “bad” match, doing it carelessly, or creat-  
ing a combination that may be good for an individual’s career but bad for  
35 the organization (Davis, 2011). These cross-level effects warrant further  
consideration – an introduction of competitors might intensify a rivalry  
37 harming them both, while simultaneously creating a lower price.

In summary, it is now apparent that the social network literature treats  
39 brokerage phenomena as far more complex than originally theorized in pre-  
vious decades. Disaggregating brokerage structure from brokerage process

1 affords important new leverage for understanding how organizations and  
2 their networks evolve. We have proposed some initial steps for how a deeper  
3 consideration of brokerage process can illuminate these important  
4 issues and hopefully set the stage for future social network-oriented  
5 research.

## 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39

### NOTES

1. We take, as a point of departure, Burt's (1992) influential introduction of structural holes theory, in part because it continues to have such a sustained impact on the social networks literature, and in particular, the structural view of brokerage, while also noting that Burt and others have continued to develop structural holes theory, both empirically and theoretically, in the two decades that have ensued. Because of the range and depth of this subsequent work (e.g., Burt, 2005, 2010), we will not attempt to recapitulate these developments but to acknowledge its ongoing importance and, as well, a sophisticated process perspective that informs it. Later, we briefly note how our process perspective intersects with a recent work by Burt (i.e., Burt, Merluzzi, & Burrows, 2013).

2. Multiple meanings have been imputed to Simmel's original terminology. We employ "tertius gaudens" here to refer to only those cases where playing alters against one another is the broker's focus and avoid using it to reference a broader leverage often commanded by a third party.

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