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The Legacy of Social Networks in a Failed Public Accounting Firm

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Perhaps reflecting the value of its human capital, professional service organizations have appreciated the social contacts of its personnel for some time. Unlike technical knowledge, whose development was the focus of formal education and to a large extent could be assumed to exist in plentiful degrees, social networks tend to be underappreciated as a vital career resource for individuals and a strategic asset for organizations. Public accounting provides an exemplary case of a service sector industry, highly dependent upon the range and depth of these networks.

Prior research on social networks and social capital tends to ascribe its benefit to organizations. This includes the long-term advantage of a well-socialized staff (Morrison, 2002) and the more immediate acquisition of business (Neu *et al.*, 1991). However, social networks are constructed by individuals and therefore belong to them. The extent to which they can exist independent from the organization in whose name they were forged remains an open question. If they did survive, could they create advantage for the individual at their center or for subsequent organizations that might house their proprietors? The answers to these questions could be important to those that might invest in social networks, either with money or time. If the future proves increasingly turbulent, organizations may not continue to be the bedrock identity for these processes that it once was. In such a world, one would like to know about the perpetuation of social networks.

This paper is organized into four subsequent sections. The first develops themes from the literature in order to organize the case inquiry. For these purposes the two streams of work accessed are the research on social networks and on organizational crisis. The second section describes the case that was evaluated along the lines suggested by the literature. A third section discloses the findings as they relate to these ideas. The last section provides a general discussion of the implications and their limitations of this work.

LITERATURE REVIEW AND DEVELOPMENT OF RESEARCH INQUIRY AREAS

Public accounting firms, especially those large enough to attain international presence, have long recognized the importance of social networking. Firms benefit in many ways from the development of social networks among their staff. Decisions are more likely to be correct when individuals can access remote others who are known to possess specialized expertise. Skill sets are sufficiently esoteric to exceed the official knowledge that exists about people. This deficiency necessitates tapping into that which exists within the informal social collective.

For present purposes, a social network can be defined as the composite of social actors and the ties among them that are forged by previous social interaction (Degenn and Forse, 1999). The specific ties that exist in a network are capable of providing access to desired resources (Borgatti and Foster, 2003). People who are embedded within these networks possess certain degrees of social capital that can be valuable for individuals and groups (Oh *et al.*, 2004).

How the individual is embedded within a social network differently affects the availability, allocation, and valuation of resources collectively possessed by the network (Granovetter, 1985). Individual actors could be considered nodes in a network that are interdependent, both facilitated by their ties to others and constrained by their lack of ties to still others (Wasserman and Faust, 1994).

The use of the network as a conceptual framework allows for a spatial ecology to develop based on its consequences for the probability of interaction. The propinquity between nodes changes the chances of social exchange (Festinger *et al.*, 1950). Whether ties form or not may be related to the homophily shared by adjacent nodes (see Ibarra, 1992; Mehra *et al.*, 1998; Krackhardt, 1992).

The study of social networks within organizations overlaps conceptually with organizational culture. Since every network is different and maintains itself in unique ways, networks serve as the essence of the organization. The commonality that holds people together and makes members of the in-group qualitatively distinct from others is partly language, partly values, and partly specialized ways of accomplishing objectives. Since culture is most visible when brought to the attention of those to be initiated, social network analysis also overlaps with socialization studies. Networks do not come pre-formed but instead require the active construction by individuals deploying the raw material of the firm upon those it can reach. The classic framework puts individuals into structural choices whereby interaction patterns becomes predictable and careers take on a known trajectory (Van Maanen and Schein, 1979; Fogarty, 2000). Although individuals have some ability to freelance and to innovate their connections to others, socialization agendas create constraints and directions.

Organizational culture, socialization, and social networks begin to pull in different directions when organizations suffer extreme distress. In normal and beneficent times, social networks simultaneously convey socialization influence, imbue cultural values, and accomplish work tasks. This rich set of possibilities can be accomplished because of the simultaneity of interests between the individual and the organization. When organizational turmoil makes the survival of the entity doubtful, networks become problematic. Crisis disrupts the basic assumptions that people use to navigate the organization (Carmeli and Schaubroeck, 2008.) As individuals question their continuing commitment to the firm, they might also diminish their interest in their previous connections to others. Social networks established for business purposes might be subverted and compromised in a variety of ways.

Pearson and Clair (1998) define an organizational crisis as a rare but consequential situation that is perceived by stakeholders as not only threatening the continuation of the entity but also potentially injurious of their own interests. These events usually entail the potential for serious reputational damage (Lukaszewski, 1988) and often are partially self-inflicted (Pearson and Mitroff, 1993). Organizational crises can be distinguished from the slower and more generic organizational decline (Hambrick and D'Aveni, 1988). A large literature has developed that attempts to pinpoint common causes for crises (e.g., Turner, 1976), some of which highlight learning problems (e.g., Elliott *et al.*, 2000). This spurs frameworks that promise to heighten preparedness (e.g., Pearson and Mitroff, 1993), usually through structural change (Carley and Zhiang, 1995). Successful adaption to a new environment, albeit not guaranteed, is possible with careful attention to design (Lin *et al.*, 2006) and message (Marcus and Goodman, 1991). These events captivate us perhaps because of the potential magnitude of losses (Davidson *et al.*, 1987).

Although most of this literature has focused at the organization level by considering the many ways that entities can anticipate and cope with such events, the consequential social psychological dimensions of lower levels of analysis have not been ignored. Much of this segment of the literature offers prescriptions for managers in their efforts to overcome communication barriers (Elliott *et al.*, 2000) or deficient decision-making (Schwartz, 1989).

Whether a crisis circumstance becomes a disaster for the organization and its people has much to do with the entity's norms and culture (Carmeli and Schaubroeck, 2008). Employees of the organization are the ones most vulnerable to the aftermath of organizational crisis. If the organization does not survive its dilemma, these people will find their careers disrupted and their economic prospects threatened (Simola, 2003). How they react to the crisis should reflect their positioning within the social structure of the firm, as well as the skills that they have developed within their task orientation (Carley, 1991). Erosion of trust in the organization is a serious interpersonal disruption (DeMarchi and Ravetz, 1999). The social network created by the organization to facilitate work is deployed for individual adaption to the aftermath of a crisis. Crises tend to change how communication occurs in organizations (Driskell and Salas, 1991).

Organizations in crisis may produce extreme stress that may focus the entire purpose of social networks to the rendering of mutual accommodations to external and internal threats and dynamic conditions. This reaction might reflect the inability of the organization to act ethically in the protection of its employees (Simola, 2003). Decay of ties is expected as individuals leave organizations and are no longer provided an ongoing pattern of interaction (Burt, 2001; Wasserman and Faust, 1994). Turnover is a disruptive experience not only for those that leave, but also for those left behind. Those who remain report decreased interactions and satisfaction with their networks (Shah, 2000), despite enhanced efforts to tend to their emotional needs (Harris and Sutton, 1986).

Much remains unknown about change in networks over time (Ahuja *et al.*, 2007). This may reflect that underlying interpersonal trust is the key element in network existence. Trust may be especially tested in times of organizational crisis. When an organization's existence is put at issue, individuals also have to evaluate the extent to which their networks were conditioned upon the existence of shared professional identities. A crisis undermines the taken-for-granted legitimacy of the organization and its values (Pearson and Clair, 1998). To some extent, an external threat to the organization may force individuals into a reconsideration of this self-concept. Then again, such conditions may create a forced camaraderie of suffering that exacerbates this identity.

During normal times, social networks accomplish many systems maintenance functions. In addition to furthering the task at hand, the use of ties reiterates social position. In dangerous and disruptive times, networks need to turn toward the unusual task of aiding in the outplacement of individual members. Now that furthering the best interests of the organization is an objective in abeyance, the securing of a personal advantage may be the best residual task for the network.

The belief that social networks can aid individuals in their exit from the organization is premised on their general ability to act as channels for the diffusion of new ideas (Gibbons, 2004) and useful information (Tsai, 2001). The chaos that sometimes surrounds rapid organizational collapse also requires the sense-making leadership of some network members. This may be particularly important in professional service organizations whose work product is team-based but not confined to formal departments (Chapman, 1998). However, social networks might be too strong and too cohesive to effectively facilitate a disbanding (Granovetter, 1973).

The first specific area of inquiry addresses the highly pragmatic outplacement issue. Whereas sponsorship effects for personnel movements are common outcomes of social networks (Seibert *et al.*, 2001), their performance in the face of a serious organization crisis is less known. *Ceteris paribus*, the stronger social networks are before the crisis, the better they should facilitate successful outplacement.

Social networks that are created by and maintained by organizations have tendencies to be closed structures. The distinction between insiders and outsiders tends to mark the way in which these networks are used, even though boundary spanners bring external parties into proximity. In this way, networks are more likely to be devoted to the service of the organizations, associating some effort to the enforcement of organizational norms (Burt, 2005). These types of networks tend to be dense in terms of the total number and overlapping natures of the ties.

Networks with considerable degrees of closure have many advantages beyond instrumental accomplishment within a structure of rules. They also assist the efficient development of member reputation (Coleman, 1988) and prevent the worst manifestations of panic (Krackhardt, 1992). However, the conformity that enforcement of group norms produces may inhibit performance when circumstances call for role innovation (Portes and Sensenbrenner, 1993). "Group think" is usually understood as reinforcing flawed assumptions and stifling fresh approaches.

Serious and rapid organizational crisis alters the balance that would normally exist between internal and external elements of social networks. The advantages of intensive internal closure diminish, while the advantages of a more broadly-based and open-architectured network increase (Diesner *et al.*, 2005). As the individual becomes engaged in alternative interpersonal relationships, their networks will no longer be as exclusively delimited to one organization. The diminishment of the organization tends to highlight the cross-organizational interests and mutual advantages that tend to be obscured by organizational boundaries (Weisinger and Salipante, 2005). In essence, the impact of a crisis that makes all insiders into outsiders should be to expand social networks and to make them more diffuse.

Whereas the ebb and flow of organizational fates are to be expected, and typically occur so gradually as to be unnoticed, some collapses are spectacular and quite newsworthy. Those entities that are disgraced tend to fail in a quite "noisy" fashion and thereby create problems for their members. The stigma created by the disreputable actions of some organizations tends to be attributed to all of its employees, even those uninvolved in the fall from grace.

Stigma may cause social networks to contract and to wither as others fear the contagion that might be attributed to association. This possibility might cause the stigmatized individual to adopt an especially external self-image, seeing themselves from the viewpoint of the wider society (Goffman, 1963). This preoccupation might chill the degree to which a person pursues new and old members of a network (Dutton and Dukerich, 1991).

Stigma does not last forever. Its duration may depend upon the individual's choices. Individuals have considerable degrees of freedom from which they fashion their personas for interaction (Goffman, 1959). This may entail an interactive process whereby selected incorporations of the styles of their role set are tried and tested (Ibarra, 1999). In fact, individuals are fully capable of incorporating the positive side of an organizational affiliation while shunning its negative side (Elsbach, 1999).

The duality of organizational affiliation may be especially problematic for members of professional service organizations due to their social contract with society (see Nordenflycht, 2010). Furthering the public interest and maximizing profit may be difficult to harmonize, leading to stigma for deficiencies related to the former, even in the presence of a broadly experienced respect for accomplishing the latter.

Networks might be useful for individuals in dealing with an organizational-level debacle. In a fast-paced, turbulent environment, people look to mentors and other key personnel within organizations to make sense of difficult to interpret conditions (Louis, 1980). Ties to leaders might prevent an individual from making certain choices, especially those that involved hastily abandoning their membership in the organization. Nonetheless, research is necessary to influence how their previous affiliation are externally understood, social networks work as conduits for characteristics that can be re-interpreted through their transmission. As people distance themselves from previous organizational ties, they might creatively reinterpret their past.

A final research area completes the transition of the individual to a new organization. Those entities may assume that, in hiring an individual, they can also take advantage of that individual's social network. The existence of a pre-formed network may in fact be the key differentiation between seasoned and inexperienced employees.

New employers may find difficulties that may hinder the full realization of this theoretic possibility. An employee's previous network might be available to the new organization but not for all purposes. In other words, there might be some resistance to the purpose to which the new organization wishes to pursue. This degree of retroactive closure may hinder the full integration of the individual into the new organization (McGuire, 1984), leading to diminished effectiveness (Miller, 1975; Rice and Mitchell, 1973).

A mistaken assumption made by new organizations is that new ties must be stronger than the old ties. Past structures have been shown to age slowly and to have more persistent performance effects than current structures (Soda *et al.*, 2004). That one individual could link two otherwise isolated and dense clusters (see Granovetter, 1973) does not necessarily mean that a vital integrative function will be fulfilled. Bridging so-called "structured holes" always has to compete with the value of maintaining closure (Burt, 1992).

Old networks sometimes exert influence on behalf of the organization from which they were formed. Ex-employees are re-labeled "alumni" who are often capable of steering resources in favor of old associates (Iyer *et al.*, 1997). In the situation of organizational crisis, the continuation of influence might depend upon the size of the previous network that remains intact. In other words, the social networks of transitional individuals are not automatically accessible by other organizations.

In sum, organizational crises often involve individuals moving from one organization to another. The impact of such sudden, devastating events on personal social networks needs to be better understood. The ability of social networks to be an enduring resource to individuals is put at issue by the literature.

THE CASE STUDY

In September 2001, Arthur Andersen was one of five public accounting firms that had international critical mass. Employing 85,000 people, the firm had 1,700 partners and an expanding scope of services mostly offered to a large corporate clientele. Like any firm of its size in this industry, Andersen had been sued by investors that lost money in audit client business failures. However, a series of these events in the late 1990s created the permissible inference that Andersen had lost track of the values that were enshrined in the mythology that surrounded the origins of the firm (Arthur Andersen & Co., 1974). New ideas about staff training and risk-based auditing had blurred the line between consulting and attestation (Squires *et al.*, 2003). The sudden collapse of Enron implicated Andersen in a debacle made more ensnarling by Andersen's document shredding (Toffler and Reingold, 2003). Following an indictment by the U.S. government for obstructing justice, Andersen's clientele began to evaporate. The massive publicity surrounding the case became a risk for clients, forcing them to rapidly disassociate from Andersen, despite their general satisfaction with the work product. It soon became clear that the firm would not survive the Enron fiasco. Staff and partners had to scramble to find alternative employment.

The diaspora of Arthur Andersen people provide an excellent case study in which to examine social networks during and after organizational crisis. Information was collected via confidential in-person interviews in the summer of 2006. The semi-structured, conversational interviews were recorded and transcribed for subsequent analysis. Participants were selected from a former mid-sized U.S. Arthur Andersen office. The office selected had been part of the firm for over 55 years (Arthur Andersen and Co., 1974). Approximately 325 partners, managers, and staff had been employed in this office.

To start the sampling process, three participants were selected to generate a range of perceptions. These included a former partner, the head of human resources for the office, and an individual who had been with the firm approximately two years prior to its end. These initial interviews provided input and introductions to support a theoretical sampling of office alumni. In total, 19 interviews were conducted involving 15 different ex-Andersen employees.

The approach which emerged resulted in collecting case studies from individuals who spanned several dimensions including length of time with the firm (1-22 years, average = 10.0), practice group (administration, audit, consulting, and tax), and subsequent employment (competing firm, industry, entrepreneurship). Demographic factors also varied. In addition, individuals from different races and ages (29 to 47, average = 42.1) and family structure (single, married without children, and married with children) were represented in the sample.

Participants were asked to specifically describe key components of their current and former relationships with other Arthur Andersen alumni. Particular attention was paid to discovering: (1) the nature of their initial network structure, (2) how the participants experienced the organizational crisis, (3) what portions of their social network had been preserved, (4) how they used what they saw as their social capital, and (5) their perception of the social network's current value.

RESULTS

At a descriptive level, the interviews clearly dispel the idea that social networks are not important to the practice of modern public accounting. Interview subjects spoke freely about Arthur Andersen's efforts to foster an active and vibrant culture of interpersonal collaboration. They were aware of a systematic effort to recruit people predisposed toward similar attitudes and possessing common demographic attributes. One respondent went on to describe what he saw as the general organizational plan for the creation of social capital, starting with the recruit's initial experiences, and working its way into everything people did. Little doubt exists that the pre-collapse Andersen consciously created a dense social network that encouraged friendship, spread task-relevant information, enforced norms, and acculturated new members.

Social Networks and Outplacement

Respondents recognized heavy use of Andersen-based networks, often making comments about their usefulness to find new employment. Those that provided details on exactly how this was accomplished often mentioned friends of friends and social acquaintances. Overlaying interviewee statements with the logic of social networks revealed that job searchers were supported by their ties to Andersen insiders who possessed other links to external networks.

Those that helped others obtain alternative employment tended to see such efforts not as extraordinary but within the normal purview of their roles. Andersen had actively facilitated and encouraged mentor relationships. Many comments recognized the in-depth nature of such conversations, for example, providing coaching on how to interview for specific new positions.

Consistent with the expanded conception of mentorship and leadership, the need to attend to the emotional dynamics of the situation should not be gainsaid. The breakup of Andersen was not predicted but was a highly volatile situation that required calm heads to emerge so as to preclude rash moves. The trust that had built up was put to a test, but usually met the challenge of a job market scramble.

A surprising amount of attention on this topic was not focused on how networks could be used to produce personal gains but on the pursuit of a more collective solution. The strong bonds that existed between people at Andersen fed the belief that work groups could be moved more or less intact. Foregoing the relatively easier task of finding a single job, many individuals believed that Andersen personnel positioned to negotiate such collective arrangements possessed considerable magic. Lower level personnel expressed their belief that they would be taken care of by those that could. In many cases, the belief that an Andersen group had more value than the sum of the individual pieces was rewarded; approximately half of the individuals moved with a group to another employer.

Perhaps more surprisingly is the continuation of the job acquisition function of the old network. Individuals reported using the network for securing second and third post-crisis positions. Apparently, the dispersion of the network beyond its original domain increased its value as a means of trolling for new positions.

The overwhelming thrust of the interview evidence suggests the social networks at Andersen acted with unusual effectiveness to secure alternative work for Andersen employees who found themselves suddenly without a going concern organization.

Post-Crisis Network Configuration

If past networks exhibit survival tendencies, they need to be contextualized by the new networks that surround more recent employments. Accordingly, the elaboration and expansion of social networks can be anticipated. However, the termination of an organization also would intuitively be associated with a truncation of the social network of any individual caught in the organization's destruction.

After social networks are successful in helping individuals occupationally relocate, do they persist? The evidence collected in the interviews suggests that they do. The continued existence of the organization that purposefully constructed these networks seems to be not essential for these purposes.

The interviewees report a rather high rate of interaction with elements of the old Andersen network several years after the dismemberment of the firm. With the exception of communications centered on the accomplishment of mutual work, Andersen alumni behave in very similar ways to extant work groups.

Interviewees reported regular efforts to keep in touch with members of their old network. This task had to be more proactive since there no longer could be the chance propinquity created by assignments and shared work spaces. Interviewees reported that these conversations often did not need specific objectives.

The salience of the old network proved sufficiently appealing that a yearly reunion of office professionals came into existence. These events tend to be more frequently attended by those that wound up in employments more isolated from other Andersen alumni and by those who had been with the firm for more years. Higher ranking individuals revisited their positions at these events, serving as those that ensured that "everyone knows everybody," by circulating widely and continuously through the crowd.

The dispersion of Andersen personnel to many corners of the professional services labor market essentially converted a very dense network into a diffuse one. Although the latter tend to be weaker, such ties tend to be critical in providing advantage across great ranges (Granovetter, 1973).

The positive side of the tradeoff worked because so many people landed well, assuming positions of responsibility that would prove to be of value to the others with connections to them. That the network could have "stretched" so that it reached industries and organizations previously beyond its limits were reasonably well understood by respondents.

The expansion of social capital allows it to become more valuable. This general conclusion is a result of the reduced probability that the value of people in the network is not duplicative. Interviewees were very aware of this increased scope and its reach into previously untouched sectors. Unique information and opportunities strengthen the value of any social network (Burt, 1997). Although this comes at the cost of multi-dimensionality and richness, it also exposes that which lay dormant within the previous ties. Alternatives that were not possible within the old understandings, perhaps due to their over-arching need to service the interests of the organization, are allowed to emerge.

For a small number of the people, network expansion and enrichment did not occur to the same degree. Andersen people that moved to new employers as intact teams attempted to replicate past networks at different organizational contexts. These tight-knit, small groups tended to continue an in-group versus out-group distinction. This proceeded as far as to solicit other former Andersen employees to re-join their replication efforts.

To assert that social networks do not decay would be disingenuous. Over time, people that fail to interact lose touch with each other. Nonetheless, many respondents took the position that the ties that had not been recently used could be reactivated without great difficulty. The notion that dormancy does not erode the quality of ties also finds expression in the willingness to be receptive to the needs of network members that have not been recently encountered. The survival rate is a testament to the meaning and value that people had put on their social networks.

The idea that qualitative and quantitative changes to social networks occur finds a good deal of support. In essence, networks tended to get larger as individuals dispersed to a broader set of endeavors. This opened up the prospects of productively reaching into new pockets of interaction. Perhaps more importantly, networks became different as they expanded. This result offers a positive byproduct of organizational crisis for the individuals involved.

Social Network Reinvention

Participants in social networks carry a host of attributes into their interactions. These include the demographic and institutional features that identify them to others. The latter relates to work history and may be used as a short-hand expression of experiences, values, and abilities. Institutional affiliations also tend to codify levels of trust that should be granted and the degree of information that a person might possess. Accordingly, when individuals change their main positions, they need to undergo some degree of personal network history alteration.

Typically, individuals have little difficulty layering one identity upon another. Well known characteristics of one employing segment exist so as to add credibility to stories that stress how that which was acquired in the time spent in a prior association bears upon a current one. In addition, other aspects also make departure from the segment understandable, if not natural. For example, large-firm public accounting experience is believed to convey ample competence with regards to subsequently acquired corporate accounting work. That one would grow tired of the collateral consequences of such an engagement allows a person to transition gracefully from one network to another as part of a well-organized career.

In static environments, some identity reconstruction will take place within social networks over time. However, the circumstances surrounding the organizational crisis required extra dimensionality be achieved. The respondents in this study, unlike nearly all other employees in the accounting/financial sector, had to accommodate their strong association with a stigmatized entity.

As far as it is known, the individuals in this sample had nothing to do with any of the audit failures that led to the criminal indictment of the firm for its work on the Enron engagement. Accordingly, the negative reputation that the firm suddenly acquired had nothing to do with the cumulative efforts of these people. Nonetheless, the media attention devoted to this event came to dominate other aspects of their social capital for some time.

Gendron and Spira (2009) studied the "identity work" done by former Arthur Andersen employees and partners as they struggled to understand the demise of their firm. While this is a necessary prelude to the projection of their reputation to others, personal orientations toward the events of the day do not necessarily dominate how well they are received by the external elements of their networks.

While their firm had failed dramatically, people varied in their reports of how extreme were the reactions to them as individuals. This varied from a distinct hesitation to a complete rejection. While the first reaction is somewhat ambiguous, the second suggests a strong negative reaction that required a stylized response strategy. Many responded to their association with the failed firm with caution and minimization. One's association with a large international firm would normally serve as a gem in one's experience from which a person could draw upon proudly and explicitly. When this has to be *sotto voce*, one's position in new social networks is devalued, if not effectively compromised. This unusual position of having excellent credentials that other people suddenly considered a negative mark engendered a degree of bitterness that itself factored into subsequent interactions.

Over time, perhaps as the media attention faded, the discrepancy between the stigma and that which had been truly earned diminished. In that time frame, the firm's name experienced some degree of redemption. Perhaps helped by Andersen's ultimate (but hollow) legal vindication on appeal, respondents report that Andersen's retrospective reputation is that of a solid firm that had excellent people and did good work locally.

In sum, the evidence suggests that previous organizational affiliations are important to the interpretation of social capital. This probably varies in relation to the recency of the association. Since the normative value of an affiliation is not objective, possessors attempt to create more favorable readings with varying degrees of success. The aftershock of organizational crisis is a more forceful reinterpretation of previous organizational affiliations.

Social Network Cooptation

The last research issue emanates from the perspective of other organizations and puts at issue the ability to capture the value of social networks created on behalf of predecessor organizations. In economic sectors that provide high-value services, the large part of the advantage of recruiting seasoned talent is the exploitation of their extant social networks. This may be particularly true in public accounting wherein clients are known to stay loyal to a highly trusted business advisor, and professionals are encouraged to maintain a high profile in their communities.

Although it could be argued that this business capturing aspiration exists in every personnel move, it is more evident in instances where firms take on groups of individuals, apparently in the belief that synergies are present that could not be obtained in more selective hiring. This follows the general logic of firm-level mergers and acquisitions as well as the sense that people that have worked repetitively together function more efficiently and effectively than strangers. Accordingly, groups of accountants have moved together to other public accounting firms. This should have provided new employers with the best social-capital based return on their investments.

On the other side of the coin, distinctiveness theory suggests that small groups with similar characteristics that find themselves embedded within a larger context are more likely to continue their localized identification, even to the detriment of broader affinities (McGuire, 1984). Interaction patterns will continue to be intense within the intact small group long after these boundaries should have dissolved (Mehra *et al.,* 1998). The tension between these concentric circles can produce small group isolation (Miller, 1975) and ultimate dissatisfaction with work (Rice and Mitchell, 1973).

In general, the respondents reported attitudes consistent with an imperfect assimilation into other organizations. One person reported that the transported team has been diminished in its new organizational context, and had been effectively isolated. Many reasons exist for the losses in network power. The most obvious ones are grounded in the difficulties of socialization attempts at mid-career, as opposed to that which can be done in the first professional environment. The regret over the loss of the network power was expressed in terms of its inability to be replicated at its earlier vitality. Careers in public accounting depend heavily upon the confidence that comes from long-lived interpersonal associations. Without these attributions, networks were much less rich.

A large part of this feeling seems to pertain to what could be called the softer side of practice. Professions are a highly moral undertaking requiring the constant affirmation of values. Ideas about the normative nature of outcomes usually remain inchoate. One respondent approximated this terrain by discounting both the leadership and technical expertise at the new firm by a failure to have the correct "perspective."

New firms may also have been unable to convince their mid-career recruits that an equitable balance was being struck. Unlike novices, these people had an understanding of the value of their connections. They resisted contributing their links to others if they did not feel that they were intrinsically valued members of the organization.

The imperfections of the transportation of social capital networks were ultimately evidenced by high rates of turnover among those that moved as a group to other public accounting firms. This turnover was higher when the new groups were subsumed into the largest offices, and was lowest when people became part of smaller offices. For many, the movement was a temporary way-station that offered a buffer from the storm of organizational crisis. Using their old network, they later resumed a better thought-out career.

In sum, the evidence illustrates that social networks do not become subsumed by new organizational identities. They are not seamlessly transplanted to alternative contexts without changes in character. *Ceteris paribus*, new firms cannot acquire the full value of networks by merely hiring the people that possess the ties in question.

DISCUSSION AND CONCLUSIONS

This research has sought to study the perseverance of social capital in professional service firms. The results show that networks survive quite well in the face of severe organizational crisis. However, they also experience important change.

There are both expressive and instrumental components in the remnants of the Andersen network. Arguably, network ties that had become friendships before the firm's collapse were more likely to preserve. However, ties grounded in instrumental tasks once they are denied these tasks seem to possess considerable friendship potential. As reported by several people, friendship-like activities included fantasy sports leagues and charitable services.

Although the social dimension appears more prominently in this group, there is no shortage of other motivations and agendas to be accomplished. That which figured prominently at the end of Andersen continued to play out in these relationships. Those that once were protégés and mentors tended to continue in those roles. Professionals tend to understand the value of their social capital and therefore take the actions necessary to perpetuate it.

The paper finds support for the ideas that social networks are very useful in locating new employment opportunities for individuals. More generally, evidence sustains Burt's (2005) assertion that "Legacy organizations can survive in spirit long past the formal organizations in which they developed." The paper also suggests that important changes in the network occur over time. This finding implies that survival does not mean that the complete sets of ties persist. Specifically, networks tend to stretch over time and in doing so become less constraining. Periodically, individuals need to re-interpret the meaning of their affiliations and their contributions to current objectives. Finally, the evidence suggests that networks are not mechanical extensions of individuals in that they cannot be purchased and seamlessly redeployed by subsequent organizations. Together, what has been illustrated creates a more nuanced view of the persistence and value of a social network through an organizational crisis.

The study's findings deepen the appreciation of what it means to be a professional. Successful individuals need to have much more than technical knowledge and business-valued skills. They must be embedded within a web of relationships that can be effectively leveraged. So little can be done without the help of well-placed others that there is a need to better understand the structure of relationships called social networks. The old adage that compels attention to "who you know" has a truth value that might be exacerbated when the organizational womb has been threatened or destroyed.

The paper also sheds light on the social psychology of crisis. Networks can rise to the occasion when individual sense-making is challenged (Weick, 1988), perhaps by mitigating the extent that rampant individualism will be asserted (Pearson and Clair, 1998). Organizational crises are unique in that they shake and unsettle established ways of doing things (Carmeli and Schaubroeck, 2008). This paper shows that the resort to informal social networks is strong and critical (see Krackhardt and Stern, 1988). Changes in the form and value of this network are also a product of the organizational crisis (see also Diesner *et al.*, 2005).

The most obvious limitation of this research is that it pertains to a single social network created by one public accounting firm. Whether the social network maintained by Arthur Andersen was sufficiently unique to limit the generalizability of the results is an unanswered empirical question. Because every organizational crisis is unique and occurs in an environment not faced by other entities, the case method is uniquely appropriate (see also Schwartz, 1989).

The data collected from respondents were *ex post* reconstructions of past events. Work on the accuracy of such data suggests that bias within it is not systematic and a true picture of past events can emerge (Freeman *et al.*, 1987). This paper's restriction to stronger internal ties within a small population also supports the acceptable quality of the data (Marsden, 1990).

Further research can use the results of this article as foundational sensitizing concepts. There is a need to measure the central tradeoff between the extent of social networks and their richness, and to examine who depends upon whom for what, both in normal times and unusual ones.

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person trustworthiness and accessibility, and customers' negative emotion is shown. In addition, both positive and negative customer emotion are found to be related to relationship satisfaction. Results further indicate that customers are more likely to maintain their relationship with the automobile salesperson when they are more satisfied with that relationship.

Like other professional service organizations, public accounting firms invest heavily in the social networking of their employees and partners. Although returns on these investments for the firm have been reasonably well-documented, all of this work has been conditioned on the assumption of organizational continuity. Informed by the literature on organizational crises, this paper addresses the continued trajectory of social networks after the disappearance of the organization that they previously served. Using interview data collected from ex-Arthur Andersen personnel, this case suggests that social networks survive through time and are useful to advancing individual careers. These social networks tend to be reconceptualized as they expand in scope, and are not necessarily fully exploitable by other employing organizations. Implications for professional service firms are offered.