

Analysis of the Influence Path of Social Network Structure on Individual Economic Decision-making Behavior

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Abstract: This article focuses on the influence path of social network structure on individual economic decision-making behavior. By sorting out relevant theories, this paper expounds the concept, characteristics and types of social network structure, and analyzes the connotation and influencing factors of individual economic decision-making behavior. This paper delves deeply into the paths through which the social network structure influences individual economic decision-making behaviors through intermediate mechanisms such as information transmission, social norms and pressure, and resource acquisition and allocation, while also considering the roles of regulatory factors such as individual characteristics and cultural backgrounds. It aims to provide a new perspective for understanding individual economic decision-making behavior and a theoretical basis for relevant policy formulation and market practice.

Keywords: Social Network Structure; Individual Economic Decision-Making Behavior; Influence Path

1. Introduction

In today's society, individuals are not isolated but embedded in complex social networks. As an organizational form of interaction among individuals, the social network structure has a profound impact on an individual's behavior and decision-making. Individual economic decision-making behavior, as the basic unit of economic activities, is restricted and guided by numerous factors. The social network structure, with its unique functions such as information dissemination and resource integration, has become one of the key external factors influencing individual economic decision-making behaviors.

In recent years, with the rapid development of social media and digital technologies, the

construction and evolution of social networks have accelerated, and their forms have become more diverse [1]. This change has made the social network environment in which individuals are situated more complex, increasing the channels for information dissemination and resource acquisition. However, it has also brought about problems such as information overload and false information, further increasing the difficulty of individual economic decision-making. A thorough analysis of the influence path of social network structure on individual economic decision-making behavior can help reveal the social logic behind economic phenomena and provide useful references for optimizing individual economic decision-making and promoting healthy economic development.

From a theoretical perspective, social network theory provides a new viewpoint for understanding individual economic decision-making behavior. Traditional economic theories are often based on the rational person assumption, which holds that individuals will pursue the maximization of their own interests in economic decision-making. However, individual decisions in reality are often influenced by other individuals in the social network, showing certain irrational characteristics [2]. The structure of social networks influences an individual's economic decision-making behavior by affecting aspects such as information acquisition, cognitive patterns, and emotional support. Therefore, studying the influence of social network structure on individual economic decision-making behavior is conducive to improving the economic theoretical system and making it closer to reality.

From a practical perspective, understanding the impact of social network structure on individual economic decision-making behavior is of great significance for the government to formulate economic policies, enterprises to carry out marketing activities, and individuals to conduct investment and financial management. For

instance, the government can enhance the efficiency of economic operation by optimizing the structure of social networks, promoting the effective dissemination of information and the rational allocation of resources. Enterprises can take advantage of the characteristics of the social network structure to precisely target customer groups and formulate effective marketing strategies. Individuals can enhance their economic decision-making capabilities by building a good social network to obtain more economic information and resources [3].

2. Overview of Social Network Structure

2.1 The Concept and Connotation of Social Network Structure

The social network structure refers to the relatively stable network form formed by the connections of various relationships among individuals or organizations. These relationships cover various types, such as kinship, friendship, working relationships, and business cooperation relationships. The structure of a social network is not merely a simple collection of a series of relationships, but rather a complex system with specific topological features and functional attributes [4].

In the structure of social networks, individuals or organizations act as nodes and form networks through relationship connections. This kind of network is dynamic and evolving, constantly adjusting and changing with the passage of time and changes in the environment. The structure of social networks reflects an individual's position, role in society, and the interaction patterns with other individuals, embodying the distribution and flow paths of social resources. For instance, in a professional network, an individual's position, skills, experience and other factors determine their position and role within the network, while their cooperative relationships with other individuals influence the flow and sharing of social resources [5].

2.2 Characteristics of Social Network Structure

The structure of social networks has multi-dimensional characteristics. In terms of scale, the social networks of different individuals vary greatly, and the size of the network affects the potential range within which an individual can obtain information and resources. Large-scale social networks mean that

individuals can access more information and resources, but at the same time, they may also face problems such as information overload and increased screening costs [6].

From the perspective of density, high-density networks mean that individuals are closely connected, and information spreads rapidly and comprehensively. Low-density networks are relatively loose, and there may be certain obstacles to information flow. High-density networks are conducive to the rapid dissemination and sharing of information, but they may also lead to problems such as information redundancy and groupthink. Low-density networks can provide more independent information and viewpoints, but the efficiency of information dissemination may be lower [7].

In terms of heterogeneity, the attribute differences among members in a social network, such as occupation, educational background, and social class, determine the degree of diversity of the resources contained in the network. Social networks with high heterogeneity can provide broader information and resources, promoting innovation and knowledge exchange. However, social networks with low heterogeneity may restrict an individual's vision and way of thinking, leading to information isolation and resource scarcity [8].

In addition, the social network structure also has the characteristic of centrality, that is, certain individuals are at the core of the network, have more connections and influence, and can disseminate information and mobilize resources more effectively. Individuals with high centrality play an important role in the network, and their decisions and behaviors often have a significant impact on the entire network.

2.3 Types of Social Network Structures

According to different classification criteria, social network structures can be divided into various types. From the perspective of the nature of the relationship, it can be divided into strong relationship networks and weak relationship networks. Strong relationship networks are usually based on close emotional connections, such as among family members and close friends, and the information transmission is characterized by high trust and depth. Weak relationship networks are based on relatively shallow interactions, such as colleagues and ordinary acquaintances. Their advantage lies in their

ability to span different social groups and provide a broader range of information sources. In terms of network forms, they can be classified into star networks, ring networks, mesh networks, etc. A star network is centered around a core individual, with other individuals distributed around it. In a circular network, individuals form closed circular connections with each other. Mesh networks have complex many-to-many connections among individuals, featuring high redundancy and stability.

3. Analysis of Individual Economic Decision-making Behavior

3.1 The Connotation of Individual Economic Decision-Making Behavior

Individual economic decision-making behavior refers to the process in which individuals, when confronted with economic issues, evaluate and select various feasible solutions based on their own goals, preferences, cognition, and the environment they are in. It covers multiple aspects, such as consumption decisions, investment decisions, and career choice decisions. Individual economic decision-making behavior not only concerns the economic welfare and development of the individual themselves, but also has a cumulative effect on the supply and demand relationship of the entire market, the efficiency of resource allocation, and the operation of the macroeconomy.

3.2 Factors Influencing Individual Economic Decision-Making Behavior

Individual economic decision-making behaviors are comprehensively influenced by multiple factors. From the perspective of internal individual factors, these include an individual's cognitive ability, risk preference, values, economic status, etc. Cognitive ability determines an individual's ability to process and analyze information, and thereby affects the quality of decision-making. Risk preference reflects an individual's attitude toward uncertainty. Individuals with different risk preferences will make different choices when facing decisions such as investment. Values guide the degree to which individuals attach importance to different economic goals. Economic conditions such as income levels and asset status directly limit an individual's decision-making options. From the perspective of external environmental factors, the market

environment, policies and regulations, social culture, etc., all have an impact on individual economic decision-making behavior. Information such as price fluctuations and the degree of competition in the market environment influences individuals' consumption and investment decisions. Policies and regulations, through regulation and guidance, change the decision-making costs and benefits of individuals. Social culture shapes an individual's deep-seated decision-making factors, such as consumption concepts and career concepts.

4. The Influence Path of Social Network Structure on Individual Economic Decision-Making Behavior

4.1 Information Transmission Path

The social network structure is an important channel for information dissemination. In social networks, information spreads rapidly through the interactive relationships among individuals. Strong relationship networks, due to their high level of trust and frequent communication among members, can convey in-depth, detailed and targeted information. For instance, in a family network, members share detailed information about consumer products, investment opportunities, etc. This information is often based on mutual understanding and trust, and has a direct impact on individual decisions. Weak relationship networks can span different social groups and bring novel and diverse information to individuals. By communicating with weak contacts from different occupations and backgrounds, individuals can obtain information such as market dynamics and industry trends that were previously difficult to access within their social circles, thereby broadening their decision-making horizons and making more forward-looking economic decisions. The dissemination of information on social networks also has selective characteristics. Individuals are more inclined to focus on information related to their own interests and needs, which further influences the direction of their economic decisions.

4.2 Social Norms and Pressure Pathways

There exist various social norms and pressures in the social network structure, which exert constraints and guidance on individual economic decision-making behaviors. Social norms are the behavioral standards and values that members in

a social network follow together. They are formed through long-term interaction and inheritance. For instance, in some community networks, there exist consumption norms of thrift and frugality. When individuals participate in community activities and exchanges, they are subtly influenced by such norms and tend to make rational consumption decisions and avoid waste in their own consumption decisions. Social pressure refers to the psychological stress that individuals experience due to the fear of going against expectations in their social networks or receiving negative evaluations. When an individual's economic decisions are inconsistent with the mainstream concepts or the behaviors of the majority of members in the network, they may face doubts, criticisms, or even rejections from network members. This pressure prompts individuals to adjust their decisions to meet the requirements of the social network. For instance, in a network of friends characterized by stable investment, if an individual makes a high-risk investment decision, they may be dissuaded and worried by their friends, and thus reevaluate their decision.

4.3 Resource Acquisition and Configuration Path

The social network structure provides a platform for individuals to obtain and allocate resources. In social networks, individuals can obtain various economic resources, including funds, information, technology, human resources, etc., through their connections with others. Strong relationship networks, due to their solid trust foundation, are more conducive to individuals obtaining scarce and critical resources. For instance, during the process of starting a business, entrepreneurs are more likely to obtain start-up capital and technical support from family members and close friends. Weak relation networks have an advantage in terms of resource diversity. Individuals can access resources from different fields through extensive weak relation connections, achieving complementary and integrated resources. The structure of social networks also affects the efficiency of resource allocation. An individual's position and role in the network determines the priority and convenience of their access to resources. Individuals at the core of the network can mobilize resources more efficiently and allocate them to the most promising economic activities, thereby influencing the direction and effect of

their own economic decisions. For instance, key figures in an industry can leverage their extensive network of contacts to direct funds, technologies and other resources to emerging innovative projects, thereby promoting the economic development of themselves and the industry.

5. Regulatory Factors Affecting the Path

5.1 Individual's Own Characteristics

The individual's own characteristics play a moderating role in the path by which the social network structure influences the individual's economic decision-making behavior. An individual's personality traits, such as extraversion and openness, can influence their way of interaction and relationship building in social networks. Extroverted individuals are better at proactively expanding their social networks and establishing connections with different people, thus being able to access a wider range of information and resources. Their economic decisions are also more influenced by the scope of their social networks. An individual's level of economic knowledge and experience can also regulate and influence the path. Individuals with rich economic knowledge and experience can better screen and interpret the information transmitted on social networks, respond more rationally to social norms and pressures, and make economic decisions more efficiently by utilizing network resources. For instance, experienced investors, when confronted with investment information on social networks, can rely on their professional knowledge to judge the authenticity and value of the information, thus avoiding blind following decisions.

5.2 Cultural Background

Cultural background, as a macro-level factor, has a profound impact on the relationship between social network structure and individual economic decision-making behavior. Under different cultural backgrounds, the structural characteristics and functions of social networks vary. In some collectivist cultural contexts, social networks emphasize group interests and harmonious relationships. Individuals tend to consider the overall interests and expectations of the network more when making economic decisions, and social norms and pressures have a more significant impact on decision-making. In

the context of individualistic culture, individuals pay more attention to their own interests and autonomous decision-making. The influence of social networks on individual economic decisions is relatively weak, but the role of weak relationship networks in information dissemination and resource acquisition may be more prominent. Cultural background also shapes an individual's values and consumption concepts, and thereby influences the specific content of an individual's economic decisions based on the social network structure. For instance, in some cultures, the values that emphasize savings and prudent investment make individuals, under the influence of social networks, more inclined to choose conservative economic decisions.

6. Conclusion

The structure of social networks has a significant impact on individual economic decision-making behaviors through multiple paths, such as information transmission, social norms and pressure, and resource acquisition and allocation. These influence paths do not exist in isolation but are intertwined and interact with each other, forming a complex influence system. Meanwhile, factors such as an individual's own characteristics and cultural background, as moderating variables, further enrich the relationship between the social network structure and an individual's economic decision-making behavior.

At the theoretical level, this study deepens the understanding of the influencing factors of individual economic decision-making behavior, reveals the mechanism of action of the important external factor of social network structure, and provides new perspectives and ideas for the theoretical development of related disciplines such as economics and sociology. At the application level, for individuals, they should fully recognize the impact of the social network structure they are in on economic decisions, make rational use of the information and resources in the social network, and at the same time maintain independent thinking and rational judgment to avoid blindly following the crowd. For enterprises, they can influence consumers' decision-making behavior and enhance their

market competitiveness by building a social network that is conducive to information dissemination and resource integration. When formulating policies, the government should also take into account the structural factors of social networks. By guiding the development direction of social networks, it can promote the optimization of individual economic decisions and achieve sustainable economic development and social harmony and stability. Future research can further delve into the differentiated impacts of different types of social network structures on individual economic decision-making behaviors, as well as how to improve the quality of individual economic decision-making by intervening in social network structures and other issues.

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