



Performative Ties Defined

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Road Map

- Theoretical Motivation
 - Knowledge-based view
 - Social network theory and direct exchange logic
 - Generalized exchange
- Describe and justify methods:
 - Qualitative approach
 - Research sites
 - Reliability of data



Firm Knowledge is Important

- Valuable resource
e.g. Kogut and Zander 1992, Winter 1987
- Source of lasting competitive advantage
e.g. Teece, Pisano and Shuen 1997
- Foundation for the existence of the firm
e.g. Grant 1996



Much about Knowledge in Firms

- Search e.g. Hansen 1999
- Storage e.g. Hargadon & Sutton 1997
- Transfer, Replication
e.g. Szulanski 1996, Winter & Szulanski 2001
- Effect on Performance
e.g. Henderson & Cockburn 1994



Questions Remain

- What regulates knowledge flows in the firm?
 - How and where do individuals seek knowledge that is stored in others and in routines?
 - Once knowledge is found, how is the transfer governed?
- Do firm-level mechanisms play a role:
 - in directing the selection of partners?
 - in governing the terms of exchange?



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Networks Affect Organizational Outcomes

- Recruitment and turnover (Castilla 2005)
- Project completion (Hansen 1999; 2002)
- Innovativeness (Ahuja 2000)
- Adoption of org. practices
(Westphal, Gulati, & Shortell 1997)
- Organizational mortality (Uzzi 1996)
- Alliance formation
(Walker, Kogut & Shan 1997; Gulati and Westphal 1999)
- Regional cooperation (Saxenian 1996)



Networks Thought to be Based on Direct Exchange

Network ties consist of direct exchange of valued items: material, intangible, or symbolic

(Collins 1988, Theoretical Sociology)

“Virtually all studies that undertake to show the effects of action on structure clearly take ties to consist of exchange”

(Cook & Whitmeyer 1992, Annual Rev. of Soc.:119)



Questions Remain

- Networks consist of exchange, but is it always direct exchange?
- Can networks be based on generalized exchange?
- What determines the logic of exchange employed? What are its consequences?



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How Generalized Exchange Differ

- A different logic of exchange
- Reception constitutes obligation to reciprocate to any other member

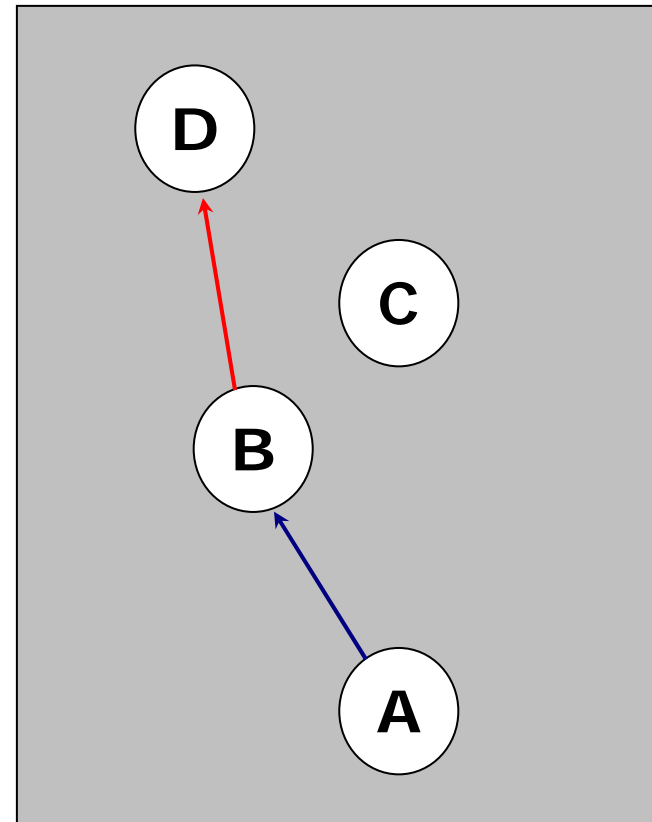
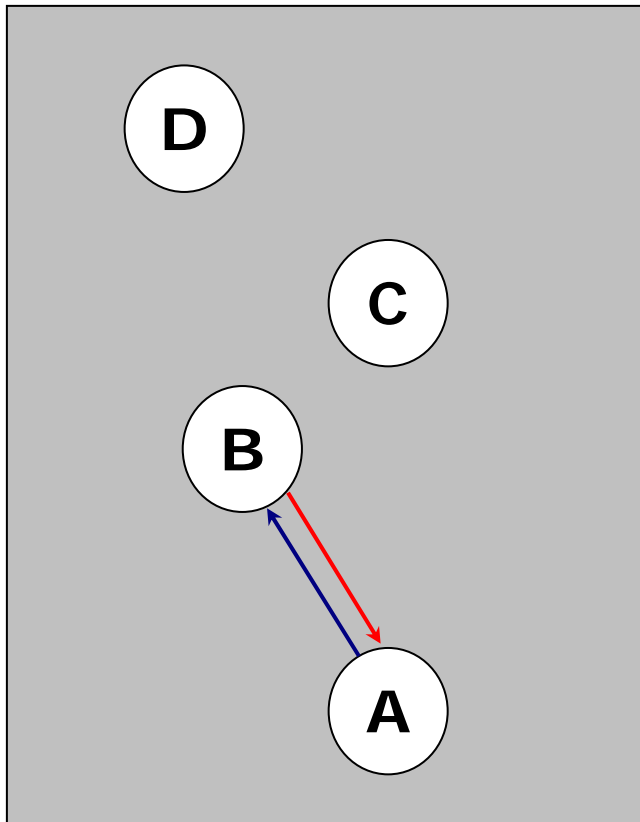
Neither immediate reciprocity nor obligation to a specific benefactor (Ekeh 1974:48)

- Previously documented
e.g. pacific islanders, CEOs, revolving credit

(Malinowski 1920; Westphal & Zajac 1997; Portes & Sensenberger 1993)

- But exchange partners were just few

Direct vs. Generalized Exchange





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Why Qualitative Approach?

- Lack of theoretical understanding on the flow of knowledge in firms
- Large data set requires presumptions about processes
- Makes it difficult to rule out alternative explanations
- Standard network analysis assumes away performative ties



Why Research Sites Appropriate?

Multiple offices of a professional services firm:

- Business model is based on knowledge transfer
- Transfer is costly to benefactor,
but no reciprocity from beneficiary
- No formal regulation, measurements, or rewards
- Thousands of professional employees
- Evaluation is done by own team



Sites Constitute a Strong Test

Multiple barriers to search and transfer of knowledge:

- Knowledge is difficult to observe
- Large firm, many unacquainted employees
- Global, exposed to many institutional env.
- High turnover > 25% p.a.
- Strong commitment to client confidentiality
- Units are semi-independent



Reliability through Cross Validation

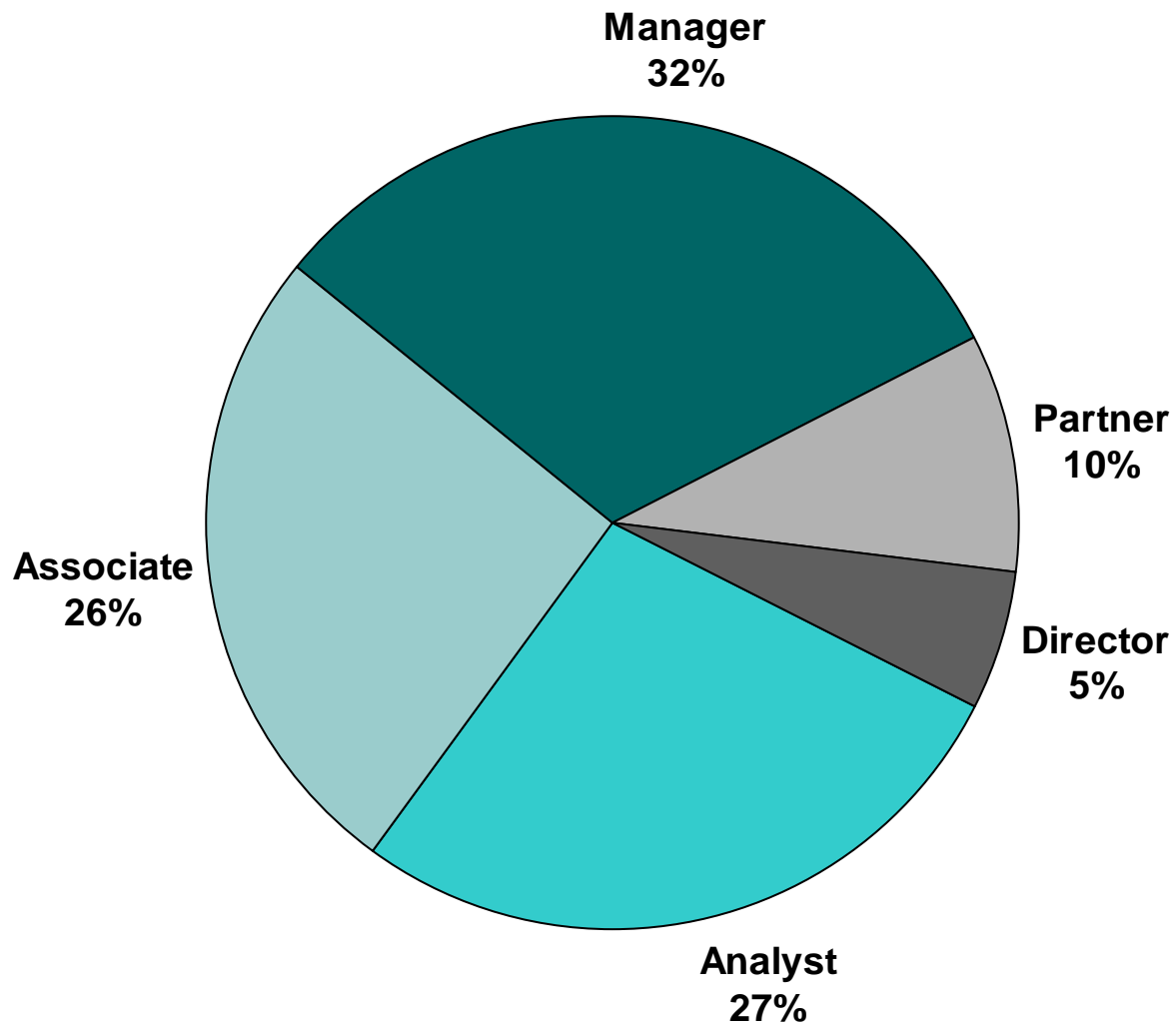
- Wide and highly varied informant pool:
73 individuals, 151 interview hours
- Participant observation, chatting:
spent weeks on multiple sites
- Document analysis:
Internal communication, training materials,
client work
- Results present to knowledge workers
Informants, non-informants, and externals



Reliability through Increased Variance

- Increase within-sample variance and inter-site reliability by using maximum variation sampling (Guba and Lincoln 1989; Maxwell 1996)
- Sampling supports generalization of phenomenon within the firm
- Some evidence shows prevalence elsewhere

Sample across Hierarchical Gamut



Across Location, Position, Gender

North America	48
Europe	25

Professional staff	60
Support Staff	13

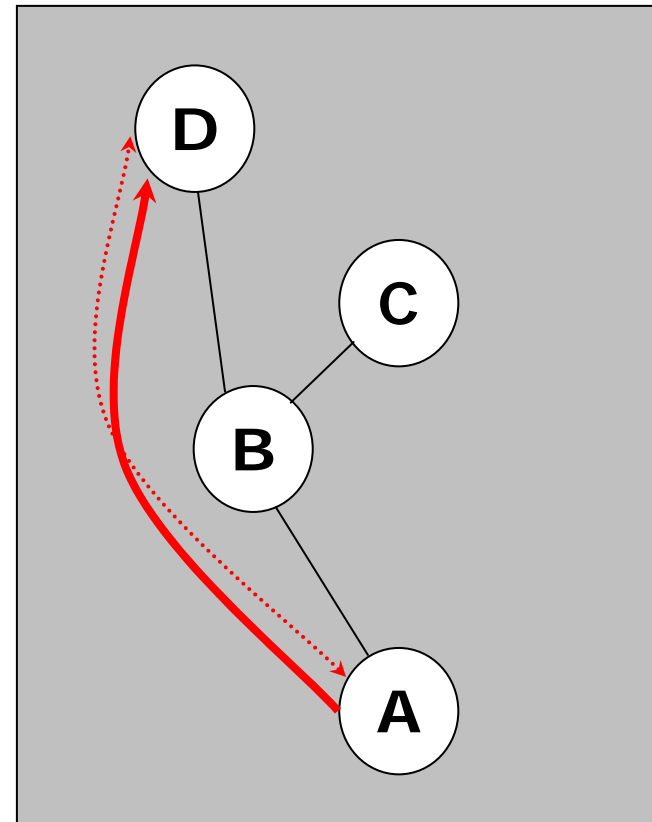
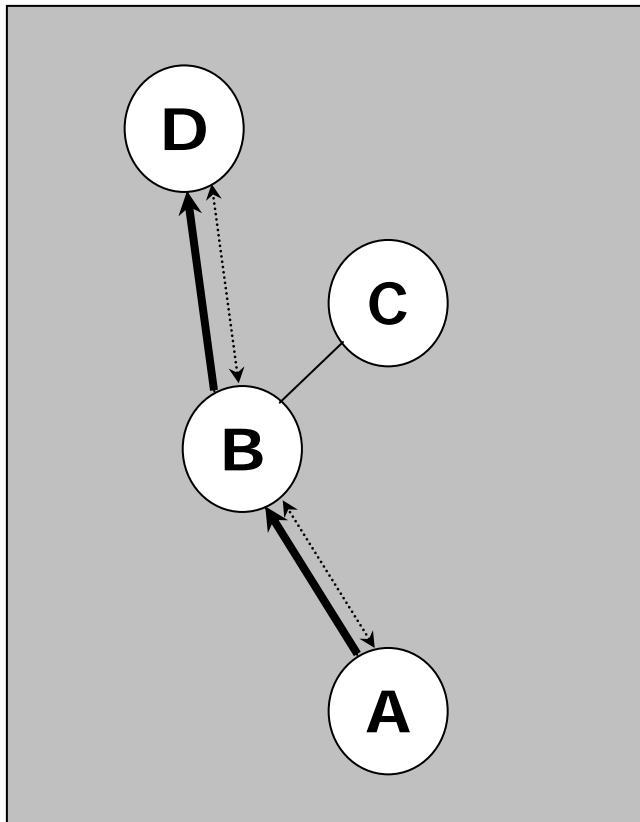
Male	55
Female	18

Vignette: A Surprising Exchange



- **Searched** among past and present employees
- Contacted **unacquainted** partner directly
- Spent **three** days deliberating
- **No** further contact; no payment or recognition

Indirect vs. Performative Ties





A Performative Tie Defined

A subset of all potential social ties, when

- Following a process of **wide search**,
- extended directly between (unacquainted) individuals, despite
- **no** expectations for direct reciprocity, still
- **intimate transfer**, which is coordinated and customized to the beneficiary



PT Involve Wide Search

- Wide search begins with identification of potential carriers through an org. index

"You type in the client [name] first, and you get a list of 20 or 30 cases...just start with a project and links...until you find a person and contact a person"

European analyst



Search Leads to a Direct Tie

- Extended from seeker to carrier, even if unacquainted, without brokerage

"[the manager] informed me that there is potential case we should rely on. He came to me, and then I said, 'Okay, great. Let's call them.' He had the name of the manager and of the partner and we left a message...there is no formal process.

European partner



Direct Reciprocity not Expected

- Benefactor doesn't perceive an obligation

"I definitely don't expect to go back to them to get something from them at a later date. It's more like...I expect that when I need information I can send out a call to the system, to the company as a whole, and expect to get a response back."

North American Manager

- Beneficiary is not personally obliged

"In most circumstances there is very little direct quid pro quo... there's unspoken understanding that we as a group will always help an individual in need of help"

North American Manager



Direct Reciprocity not Expected cont.

Objectively, low chances of direct reciprocity:

- Resources flowed from the rich to the poor
 - From a senior employee to junior one
 - From an industry expert to a layman
 - From employees in central offices to peripheral ones
- No measurement or formal recognition



Intimate Transfer

Transfer is coordinated and resources are customized, not standard

"You might need to call up one of the team members and find out over the phone...that helps you to re-create what the team thought through, and helps you to speed up your own thinking and thought process"

European Manager

"When I asked... how would you approach the problem? It's not like asking [for] a solution, it's more asking [about] the process – how to approach the case, how to correct the case, actually. What could be the next steps?"

European Associate



Performative Ties were Prevalent

- Appeared in interviews and observations in the gamut of ranks and in all sites
- Data show common use when
 - Approaching a potential client
 - Creating a bid
 - Starting a case
 - Facing unexpected problems during a case



Performative Ties Elsewhere

Previously documented:

- Hardware sales personnel
(Constant, Sproull & Kiesler 1996)
- Open source software and on-line forums
(Kollock, 1999; Levine 2001; von Hippel & von Krogh 2003)
- Development of sport equipment
(Franke & Shah 2003)

The Benefits of Performative Ties

Advantage	Strength of Evidence and Examples
Recombine by drawing on a great variety	★★★ Approached by a client seeking advice on the post merger integration of public utilities, a team combined knowledge on merger process of commercial banks with knowledge on the utilities industry by drawing on two distinct projects.
Search widely for an Optimal Solution	★★★ Working for a large insurer, a European team found an existing solution in a faraway office of The Firm, and reintroduced it to the client. Although the knowledge has been applied in the past, it was forgotten in the client organization, and salvaged through a Performative Tie within the firm.
Consultation with an Outsider	★★★ <i>"It was more like inspiring my work [by] reading sanitized case studies, what we did for companies in the branch [of industry], and so you know, okay, there's an idea of strategy, what I can do with it. So, it wasn't a toolbox. It was more inspiring my thinking."</i>
Economies of Time	★★ <i>"We can bring a lot of data very quickly and bring a lot of expertise very quickly to solve a problem"</i>



Performative Ties were Bounded

- Affiliation (collective social capital)

Performative ties were extended to those affiliated with the organization: current and former employees.

None was successfully extended outside of the affiliation.

"It was a hit or miss experience... they never ever returned my calls"

West Coast Associate

- Role Similarity (regular equivalence)

In all cases, seeker and carrier were similar in hierarchical positions. Otherwise, performative tie was extended by a peer.

"In the office I know some of the partners and... I can contact some directly. But I won't contact any a big shot [outside] partner"

European analyst

PT Combine Advantages

Exchange mode Tie Strength	Spot Exchange	Social Exchange (Blau 1964; Homans 1958)	Generalized Exchange (Ekeh, 1974; Lévi-Strauss, 1969 [1949]; Malinowski, 1920)
Strong tie	Inefficiency	Embeddedness	Community, Clan
Weak tie			
No prior tie	Neo-classical market		Performative Ties