

ROLE OF NETWORK COUNTERPARTIES AND RELATIONAL STRUCTURE IN KNOWLEDGE RESOURCE DEPENDENCE: EVIDENCE FROM PROFESSIONAL FOOTBALL (SOCCER) PLAYER TRANSFERS

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ABSTRACT

Often scholars have noted that firms are increasingly depending on acquiring professionals from other firms. The inter-firm mobility of professionals, also referred as knowledge resources, is a result of competition between firms to obtain the best resource which culminates into forming inter-organizational network. Extant research shows that inter-organizational mobility of knowledge resources influences actions and outcomes of both source and destination firms. Knowledge flow due to mobility of professionals further embeds the firms in competitive interdependence. The risks of such interdependence are high when there is asymmetry in competitive advantage between the firms. However, existing studies is yet to consider the implication of competitive interdependence in the inter-organizational network of knowledge resource mobility.

Motivated by this research gap, this thesis argues the need for the introduction of Resource Dependence Theory in the KR mobility literature. The resource dependence theory of the firm provides the logic to understand how firms can seek resources and simultaneously create competitive advantage by managing the dependencies. Within the context of KR mobility, network partners or counterparties are those firms engaged in mobilizing KRs, making them crucial external entities. Drawing on network concepts, this study bridges the two isolated literature on knowledge resource mobility and resource dependence relation between firms.

Accordingly, this thesis seeks to examine the less researched area on role of counterparties' performance and relative network position of a focal firm with respect to their counterparties on focal firm performance. While performance is an indicator of quality of knowledge

resource and knowledge of the firm, and contributes to firm's social standing, relative network position in terms of network status and relative autonomy also suggests asymmetry in competitive advantage. By examining the impact of counterparties on focal firm performance would help us understand the bidirectional nature of knowledge flow through KR mobility linkages. Further, this thesis also explores how the network evolves by forming various network structures through establishing ties of knowledge resource mobility. This would help us understand how inter-firm mobility linkages can be leveraged to reduce constraints of competitive interdependence.

The theory is tested by building an original dataset of professional player transfers among the football (soccer) clubs in the Big-five European leagues from 2004 to 2015. Hypotheses relating to firm performance are tested on an unbalanced panel of 1170 club-season observation comprising 181 unique clubs and 39211 player transfers. Fixed-effects Poisson regression is used as the main econometric analysis. Further robustness checks are also done. To test the hypotheses pertaining to tie formation for specific network structures, Exponential Random Graph Model is used on the player transfer data for 2010 and 2015 as reference years.

Overall, findings from this study provide evidence on the relevance of counterparties with respect to their performance and network position. Counterparties' performance has a positive influence on focal firm performance. While relative autonomy is found to have positive impact on focal firm performance, large network status is found to negatively impact focal firm performance. Also, inter-organizational knowledge resource mobility is found to be orchestrated by firms in a way that helps them manage competitive interdependence. Consequently, it is found that mobility of knowledge resources tends to create reciprocal network structures with competitors. Furthermore, the network tends to be decentralized and tends to form closure structures like transitive closure.

This study has significant implications for both theory and practice. It contributes to the knowledge resource mobility literature by explaining the role of inter-organizational mobility network on focal firm performance through the lens of competitive interdependence. Further, this study makes an important contribution to the existing resource dependence theory by extending its boundary to study mobilization of resources, specifically knowledge resources. Third, important contribution is in the literature on network status by showing that large status difference is not always beneficial for firm performance, when resource mobilization is concerned. Thus, confirming the differences in the risks associated with physical resource and knowledge resource mobility. This study posits that knowledge resources have agency and their role is not merely symbolic, on the contrary, their value depends on their utilization. In a network driven by the mobility of knowledge resources, linkages between firms are a reflection of mobilization of the sticky firm-level knowledge. Furthermore, firms may also have vested interest in pursuing multiple such ties in different network configurations to retain their autonomy and have access to alternative sources of knowledge and information.

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