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CLIENT-RELATED FACTORS AND COLLABORATION BETWEEN HUMAN ASSETS

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Abstract: Collaborations between individuals in firms have important implications for the development of relational and human capital. In knowledge-intensive contexts where collaborations are formed to deliver services to clients, collaboration decisions can involve non-trivial trade-offs between short-term and long-term benefits: individuals and firms must carefully manage the trade-offs between leveraging existing relational and human capital for the reliable performance of repeat collaboration and creating new relational and human capital through new collaboration. Building from the premise that servicing clients is central to collaboration decisions in human-asset-intensive firms, we examine how client-related factors shape collaboration decisions among lawyers (partners) in UK law firms. We focus on three key client-related dimensions that we predict govern collaboration decisions: the depth of individual- and firm-level *relationships* with the focal client, key *client attributes* that reflect the client's status and its use of different firms to undertake its outsourced work, and client-driven individual- and firm-level *resource constraint*. Our empirical findings support our proposition that client-related factors influence the pattern of collaborations between individuals in firms. We also reveal how client-related factors at the individual level can have opposite effects on collaboration decisions from those at the firm level. Overall, our findings contribute to the research literatures on relational capital, strategic human capital, team formation, and professional service firms.

Keywords: Collaboration, relational capital, human capital, human assets, client-related factors, professional service firms

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INTRODUCTION

Human-asset-intensive firms are a cornerstone of the modern economy. Understanding how these firms organize and manage their “human assets” has become a prominent theme in strategy research (e.g., Coff 1997, Chadwick and Dabu 2009, Chatain and Meyer-Doyle 2017). The critical human assets for these firms, and especially for professional service firms, are knowledge workers whose expertise is sought by buyers (hereafter “clients”) in the form of knowledge-based professional services (von Nordenflycht 2010, Byun, Frake, and Agarwal 2018). The complexity of client demands and specialization of professionals’ knowledge means that individuals usually form collaborative project teams to deliver services to clients (Gardner and Valentine 2015). Collaboration integrates team members’ expertise and builds relational capital¹ between them (Briscoe and Tsai 2011). When the same individuals collaborate again (“repeat collaboration”) they can draw on existing collaboration routines and relational capital to offer the client reliable service performance (Huckman, Statts, and Upton 2009). However, collaborating with a wider range of individuals (“new collaboration”) can generate longer-term benefits through the creation and exchange of new knowledge and enhanced relational capital. Given the client focus of these organizations, collaboration decisions involve an important trade-off between leveraging existing human and relational capital for reliable short-term gains, and new collaboration for potentially greater longer-term performance benefits. In view of this trade-off, our paper seeks to understand what factors influence collaboration decisions in human-asset-intensive firms.

Servicing clients is core to the operations of human-asset-intensive firms (Maister 1993; Rogan and Sorenson 2014, Mawdsley and Somaya 2018), however, we lack insights into how client-related factors shape how individuals organize to address clients’ needs. Our study addresses this gap by disentangling

¹ Relational capital closely aligns with the construct of social capital discussed in the sociology literature. Social capital is a resource that is rooted in relationships (see also Nahapiet and Ghoshal 1998, Adler and Kwon 2002). However, as described by Mawdsley and Somaya (2016), relational capital differs from social capital in that it is a resource that captures the value of relationships shared by an individual or firm rather than a more generalized resource shared by members of a network or social group. Other studies in strategic management have adopted the relational capital terminology. For example, Elfenbein and Zenger define relational capital as a relational asset with “latent value derived from elevated social connections, norms, trust, and simple expectations of exchange [relationship] continuity” (2014, p. 222). Byun, Frake, and Agarwal define relational capital in terms of “who you know” (2018, p. 1806).

how client-related factors influence the trade-off between leveraging existing collaborations and forming new collaborations between individuals on incoming client projects. We focus on three key client-related factors that we predict govern the type of trade-offs discussed above: the depth of individual- and firm-level *relationships* with the focal client, key *client attributes* that reflect the client's status and the use of different firms to undertake its outsourced work, and client-driven individual- and firm-level *resource constraint*.

We explore our question in the setting of knowledge-based professional services. In this setting, individuals (partners) in firms possess substantial decision-making autonomy regarding their selection and commitment to different client-related tasks and to the colleagues with whom they collaborate (von Nordenflycht 2010, Gardner and Valentine 2015). Moreover, firm ownership, management, and service production are performed by the same individuals (Greenwood, Hinings, and Brown 1990, Kor and Leblebici 2005) which may encourage divergent, self-seeking behavior. However, the partnership governance structure of firms, collegiality, and a “partnership ethos” can bind partners and reconcile competing stakeholder interests (e.g., individual objectives versus collective objectives) (Lazega 2001, Empson 2017).²

Our study integrates insights from several streams of literature. First, relational capital research highlights the resources available through, and derived from, relationships held by individuals and firms (e.g., Nahapiet and Ghoshal 1998, Elfenbein and Zenger 2014, Byun et al. 2018). We identify several dimensions of relational capital that we predict influence collaboration: *Internal relational capital* is held between individuals in the firm. The pattern of collaboration observed may reflect whether leveraging

² Partners are motivated to increase their relative standing in the firm by bringing in clients and generating revenues (Lazega 2001), which may influence their choice of collaborators (Gardner and Valentine, 2015). As Lazega observed in an ethnographic study of a large law firm, “...partners gained economic prestige from bringing in clients and from organizing work without interference from anyone...Partners were formally equals; they did not take orders. On the other hand, some partners were more equal than others...” (2001, p. 60–61). However, collaboration decisions may also be directed by professional norms that emphasize collegiality and a collective responsibility for creating value for clients and the firm. Empson (2017) discusses how both the legal form of partnerships—that makes individual partners legally responsible for the actions of their colleagues—and the use of internal sanctions for free-riding on others' effort contribute to a dominant collective perspective.

existing internal relational capital is considered relatively more valuable than building new internal relational capital. *External relational capital* concerns relationships with clients, which differ at the firm and individual levels (Raffiee 2017) and may heterogeneously shape collaboration patterns within the firm. Second, research on strategic human capital highlights the potential benefits of human capital complementarities between workers (e.g., Ethiraj and Garg 2012, Ployhart, Nyberg, Reilly, and Maltarich 2014, Wolfson and Matthieu 2018). Repeat collaborations may reflect the exploitation of known (existing) human capital complementarities. At the same time, new collaborative relationships may lead to the discovery of more effective human capital complementarities. Third, the literature on professional service firms suggests that the pattern of collaboration between professionals may depend on both individual- and firm-level considerations for leveraging internal and external relational capital among professionals and with clients.

We test our hypotheses using fine-grained data on how lawyers (partners) in UK law firms collaborate to provide merger and acquisition (M&A) legal advisory services to corporate clients. Our findings support the proposition that client-related factors influence the pattern of collaboration between individuals over time. We show that the probability of repeat collaboration between two partners is higher when those partners hold stronger individual-level external relational capital with the focal client. In contrast, stronger firm-level external relational capital with the focal client results in a greater probability of new collaboration. Our results also indicate that projects for high-status clients are associated with greater instances of repeat collaboration, while projects for clients that switch their M&A legal advisory business between many different law firms are associated with greater new collaboration. Finally, we find that new collaboration is more likely when individuals are resource constrained. In contrast, when the firm (as a whole) experiences resource constraint, we observe a greater reliance on repeat collaboration to service clients.

Our research extends the relational capital literature by showing how client-related factors influence whether individuals exploit existing internal relational capital or build new internal relational capital in their collaborations. In addition, we show that external relational capital has a differential impact

on collaboration decisions depending on whether the locus of the client relationship is at the individual or firm level, thereby contributing to the literature examining differences between firm- and individual-level relational capital held with business partners (e.g., Sorenson and Rogan 2014, Raffiee 2017). Indeed, our results imply that individual-level external relational capital may complement internal relational capital, while firm-level external relational capital may substitute for internal relational capital. Moreover, we also add to relational capital research by examining how collaboration is shaped by the interplay of the decision-making autonomy of individuals and the relational capital they hold with colleagues and clients.

Our paper also contributes to the strategic human capital literature by integrating a client-related perspective to understand how human assets collaborate on projects to address clients' needs. Although scholars highlight how human capital complementarities can influence individual and firm outcomes (e.g., Ethiraj and Garg 2012, Ployhart et al. 2014, Wolfson and Matthieu 2018), less work has examined how human assets combine over time. We theorize how differing combinations of human assets for project work are associated with important trade-offs and show that these combinations are shaped by client-related factors rather than (or as well as) a desire to generate superior human capital complementarities.

Our research extends the literature on team formation (e.g., Aldrich and Kim 2007, Shah, Agarwal, and Echambadi 2019, Vakili and Kaplan 2020). Prior research on team formation highlights contextual conditions that affect the reshaping of teams over time (e.g., Lazar et al. 2020). Our study extends this research by revealing how *client-related* contextual factors influence whether and when individuals search beyond their existing network for collaborators; however, rather than examining the dynamic addition and deletion of members on a single team, our study examines client-related mechanisms through which teams form and re-form over time.

Finally, building on the premise that the expertise of professionals and the management of client relationships are important for value creation in human-asset-intensive firms (Maister 1993, von Nordenflycht 2010), our paper contributes much needed empirical research on professional service firms by uncovering important—and managerially relevant—mechanisms centered around clients that bring autonomous individuals together to address clients' needs.

THEORETICAL BACKGROUND

Leveraging prior collaborative relationships vs. forming new collaborations

Human assets are important organizational resources (e.g., Barney 1991; Coff 1997; Chen, Meyer-Doyle, and Shi 2020). The knowledge, skills, and experience of individuals can create value for firms and shape firm performance (Crook et al. 2011; Campbell, Coff, and Kryscynski 2012; de Figueiredo, Meyer-Doyle, Rawley 2013; Chen, Huang, Meyer-Doyle, and Mindruta 2020). Indeed, in human-asset-intensive firms such as professional service firms, the expert knowledge, skills, and experience embodied in the firm's professional workforce (e.g., lawyers, consultants, lobbyists) are the *primary* source of value for the firm (Kor and Leblebici 2005, von Nordenflycht 2010, Byun et al. 2018). Professionals tend to develop specialized expertise within a narrowly circumscribed knowledge domain (Ariens 1993). While specialization allows them to create higher value through superior task performance, it means a single individual rarely holds a sufficient breadth of knowledge and skills to address in entirety the complex tasks that usually constitute clients' needs (Gardner and Valentine 2015). Research on team formation highlights how particular configurations of complementary knowledge, skills, and other characteristics, as well as shared values held by team members, can be critical for team performance (e.g., Shah et al. 2019, Lazar et al. 2020). As a result, successful value creation may depend on how individuals organize, or are organized, according to the situational factors they face (Ployhart et al. 2014, Chatain and Meyer-Doyle 2017, Lazar et al. 2020). Therefore, one important facet of the organization is with whom individuals collaborate.

Collaboration integrates the specialized expertise of individuals to generate human capital complementarities (Somaya et al. 2007, Campbell et al. 2020), and builds internal relational capital which fosters mutual trust and better access to information and resources that collaborators can leverage and exploit in future collaborations (Nahapiet and Ghoshal 1998, Briscoe and Tsai 2011, Byun et al. 2018). In knowledge-intensive contexts, research suggests collaboration can increase innovation output (Fleming, Mongo, and Chen 2007, Guler and Nerkar 2012, Vakili and Kaplan 2020), while in professional services specifically, collaboration spanning multiple domains is often associated with higher future cross-selling (Gardner 2016). Thus, collaboration decisions—who works with whom—are consequential for human-

asset-intensive firms, and they are interrelated with the specific characteristics of individuals and the tasks they perform (Gardner and Valentine 2015).

Significant trade-offs can arise in collaboration decisions. Fundamentally, such decisions revolve around whether individuals should leverage prior collaborations or engage in new collaborations with a broader set of colleagues. Stable (i.e., repeat) collaboration deploys known human capital complementarities and leverages existing internal relational capital and collaboration routines, which can offer clients reliable service performance (Huckman et al. 2009, Campbell, Di Lorenzo, and Tartari 2020), and improve the efficiency of the collaborative service provision. Furthermore, since clients often evaluate the quality of the firm through their direct experience, the potential risks associated with a new collaboration—notably, less reliable performance—could result in the client questioning the competence of the firm’s professionals. Moreover, a synchronized rhythm of work, tacit knowledge transfer, and greater trust mean that internal relational capital often *enhances* the effectiveness of human capital complementarities (Wolfson and Mathieu 2020), thus repeat collaboration can provide the client with an improved overall experience. Simply put, it is comparatively easier, less risky, and generally more efficient to work with a colleague one has already learned to work with.³ Repeat collaboration should, therefore, allow firms to *reliably* and *effectively* meet their clients’ needs.

Alternatively, new collaboration can offer longer-term value creation opportunities that benefit the client thanks to attributes specific to human assets. For example, new collaborations can provide access to complementary skills, knowledge, ideas, and values that may improve collaboration (team) performance and creativity (Horwitz and Horwitz 2007, Han, Han, and Brass 2014). In addition, collaborating with different colleagues exposes individuals to a greater *diversity* of technical and market knowledge that can build their human capital and increase the quality of client services in the future. New collaboration can also expand the internal network of individuals, which builds new internal relational capital (Nahapiet and

³ This point is well emphasized by Gardner and Valentine (2015): “Experience of working together on a project establishes faith in a coworker’s integrity and competency...[T]he most effective way to establish a personal reputation as a trustworthy individual is through a direct experience. Previous collaborators thus know a professional’s competence, character, and expertise from having worked on the same team with a professional” (p. 228).

Ghoshal 1998, Reagans and Zuckerman 2001) and improves the flow of technical, market, and client related knowledge throughout the organization. Indeed, a larger internal collaboration network allows the client to be offered a broader range of integrated (and customized) services, thus delivering higher value to the client and increasing firm revenue over the longer term (Gardner 2016, Mawdsley and Somaya 2020).

Therefore, there are compelling reasons for individuals and firms to favor *both* repeat and new collaboration, implying that collaboration decisions are not trivial for firms or the individuals involved and that there is a balance to be found between favoring stability and seeking novelty in the pattern of collaboration over time. This raises the important question of what factors influence the trade-off and choice between repeat and new collaboration in human-asset-intensive firms. How this trade-off is resolved should matter for individuals, the firm, and clients alike. Given the substantial impact of collaboration decisions on clients, client-related factors are likely an important determinant of how the trade-off is resolved.

Building on recent research that shows how client-related factors influence how human-asset-intensive firms organize and deploy their resources (e.g., Mawdsley and Somaya 2018), we examine how client-related factors affect the likelihood of collaboration between pairs of individuals on incoming client projects.⁴ Our theorizing in this paper is developed on the assumption that collaboration choices are largely made by autonomous individuals, in the context of organizational norms and guidelines. Due to the autonomy they grant to individuals, human-asset-intensive firms are often governed with decentralization of authority and consensus in organizational decision making (Empson 2017, Greenwood et al. 1990). Important factors that align individuals and prevent individual autonomy and decentralized authority from devolving into incoherence at the level of the firm include the partnership governance structure, collegiality,

⁴ There are several ways in which teams of partners are formed in response to a client's request, depending on the firm's organization and on the relationship between the firm and the client. Some firms have more decentralized processes. For instance, the partner who gets the mandate from the client may have some discretion in putting the team together, using relationships within the firm in the process. Partners with greater seniority can, for instance, routinely work closely with a few junior partners across multiple client projects. Other firms run a centralized process in which a standing committee formally designates the team of partners according to the scope of client needs and other internal requirements (e.g., a team rotation policy). When there is an established relationship between the firm and a large client, it is common that multiple partners have experience working with that client. When the opportunity to serve the client materializes, these partners may form an *ad hoc* committee to decide their respective roles in the team.

and strong professional norms that bind partners and reconcile competing interests (Lazega 2001, Teece 2003, Empson 2017).⁵ To the extent that the interests of individuals and of the collective are not sharply misaligned, we should be able to consistently explain variation in collaboration as a function of concerns for ensuring the best flow of revenue from clients in view of the trade-offs associated with collaboration.

The baseline empirical relationship that reflects how these trade-offs are resolved is the effect that a prior collaboration between two individuals has on the probability that these two individuals will work together on an incoming project *versus the counterfactual of not having collaborated before*. As argued above, there are competing arguments for predicting the direction of the effect resulting from these opposing forces. Therefore, we do not offer a formal prediction as to whether prior collaborations increase or decrease the probability of collaborating on an incoming project versus the alternative. Rather, we take the average effect found in the data as a baseline and derive hypotheses based on client-related factors predicted to moderate this effect.

Our hypotheses focus on three sets of client-related factors that address different mechanisms pertaining to how clients may matter to collaborations between the firm's partners: individual- and firm-level external relational capital with the focal client, key attributes of the focal client that reflect the client's status and its provision of legal work to different firms, and client-driven individual and firm resource constraint. Figure 1 provides an overview of the conceptual framework and predictions that we develop in this paper.

[Insert Figure 1 Here]

Client relationships and collaboration choices

Individual-level relationship with the client. Our theorizing begins by considering the strength of the relationship between individual partners in the firm and the focal client—i.e., the degree of *individual-level external relational capital*. When a firm provides services to an existing client, its previously accumulated

⁵ Teece (2003) emphasizes the point: "...a professional services firm represents a (cooperative) amalgamation of individuals held together by 'treaties.' These 'treaties' are anchored by contracts; but also involve norms, values, and shared know-how and beliefs" (p. 900). Moreover, "The term 'treaty' is preferred over contracts [and] evokes broader considerations embracing obligations and expectations" (p. 900).

knowledge of the client's business, trust, and other relational assets can be leveraged to deliver highly customized services that more precisely meet that client's needs (Chatain 2011, Mawdsley and Somaya 2018). When the same individuals have interacted with the client over time, specialized knowledge about the client's business and trust-based relational assets are more likely to develop and be maintained at the individual level (Zaheer, McEvily, and Perrone 1998, Bermiss and Greenbaum 2016, Raffiee 2017). We contend that such an ongoing relationship benefits the productivity of partners on projects for the client and, ultimately, influences collaboration decisions of partners in the firm.

When there is a new project from a client with whom partners in the firm hold individual-level external relational capital, those partners can re-use the client-specific relational capital and knowledge that they, individually and as collaborators, have created. Leveraging individual-level external relational capital and client-specific knowledge can have many benefits, such as effective diagnosis of the client's needs, greater efficiency in codeveloping and implementing solutions, higher client satisfaction, and greater potential for future business (Seabright, Levinthal, and Fichman 1992, Coates, DeStefano, Nanda, and Wilkins 2011). We maintain that these client-specific advantages are magnified by internal relational capital held between collaborating partners. For example, the collaboration routines and shared knowledge that two partners may have established through prior collaboration can be valuable for their future collaboration (Groysberg, Lee, and Nanda 2008). In addition, the coordination of client-specific tasks and division of labor are easier when the two partners have a working relationship, know each other's strengths, and given the firm's client-specific knowledge, know how to organize to solve the client's problem.

Furthermore, as individual-level external relational capital with the focal client increases (through higher instances of prior client interactions), that client represents a potentially higher source of future value through recurrent business (Maister 1993). Retaining existing clients allows the continuation of individual and collective profit sharing from the value created from those clients, while focal partners can further cultivate their reputation for securing clients and creating value for the firm. Such factors support the proposition that the reliable performance of repeat collaboration between partners is preferable, which in turn favors the leveraging of existing internal relational capital. Furthermore, while holding individual-level

external relational capital with the client can increase potential future value, it also raises client expectations that their affairs will be handled with greater care by the partners they have previously dealt with (Coates et al. 2011). Given the risks associated with new collaboration, and that clients may prefer to have their matters handled by partners with whom they are familiar, we posit that partners who have previously collaborated are more likely to collaborate again on the focal client's project when those partners have a stronger relationship with that client. Thus, we hypothesize that the baseline effect of a prior collaboration between two individuals on the probability that they will collaborate on the focal client project is positively modified when those individuals have more frequently provided services to that client in the past (i.e., a positive baseline effect is strengthened, while a negative baseline effect is weakened):

Hypothesis 1a (H1a): Partners who have previously collaborated are more likely to collaborate again on the focal client's project when those partners have a stronger relationship with that client.

Firm-level relationship with the client. The previous hypothesis provided arguments based on individual-level relationships with the client. But independent of those relationships, the strength of *firm-level external relational capital* developed through the level of prior interactions between the firm and focal client may also shape patterns of collaboration within the firm. Raffiee (2017) highlights how a client's repeated exchange with the firm can be distinct from its repeated exchange with individuals. Rotating the individuals who work with the client over time increases firm-level external relational capital and distributes the control of the client relationship across organizational members (Rogan 2014). In turn, the "locus of ownership" of the client relationship increasingly resides at the firm level (Sorenson and Rogan 2014).⁶

We draw from the above insights to develop arguments for how a firm-level relationship with the client, alongside the collegial norms of client sharing, influences collaboration by providing partners with greater flexibility when staffing client projects. For example, rather than expecting (or requesting) to work

⁶ Practitioners in professional services often refer to such clients as being "institutionalized" in the firm, whereby the client has less attachment (and loyalty) to individual partners and instead considers the relationship to be held primarily with the firm.

again with the same partners, the client may trust the firm to provide capable partners for its project. This frees partners who have previously worked with the client from the obligation of servicing the client again and avoids them becoming overcommitted to multiple projects. More importantly, flexibility supports the effective matching of clients' needs with the skills and experience of partners and facilitates the introduction of new partners to the client. Thus, partners have greater latitude to engage in new collaborations that can deliver the longer-term advantages discussed earlier. Together, these arguments point to higher firm-level external relational capital as reducing the probability of repeat collaboration between partners.

In addition, when clients are embedded with the firm, collective norms should play an important role in shaping collaboration decisions. One risk of repeat collaboration is that the collaborating individuals may form powerful coalitions and attempt to control access to clients. In such cases, the diverging interests of the individual and the firm run counter to the collegiality and collectivism that bind the firm together. When there are expectations that multiple partners should have access to the client, collegial norms and internal rules may rein in the tendency towards repeat collaboration to prevent coalitions forming. Moreover, partners (and the firm) can reap financial rewards from the sharing of clients through the creation of new linkages with colleagues. Recent research suggests how reciprocal norms for sharing clients can result in a substantial increase in the sharing partner's billable hours and revenues from clients (Briscoe and Tsai 2011). Thus, although repeat collaboration may benefit the client (and partners themselves) in the short-term through leveraging collaborators' internal relational capital, alignment with collegial norms and the idea that a broader set of colleagues should participate in creating and sharing the value from the client over the longer term provides an internal mechanism that prevents some partners from becoming gatekeepers to these valuable clients (Empson 2017).

Taken together, we expect that the baseline effect of a prior collaboration between two individuals on the probability that the same individuals will collaborate on the focal client project is negatively modified as the number of times that the firm has provided services to the focal client increases (i.e., a positive baseline effect is weakened, while a negative baseline effect is strengthened).

Hypothesis 1b (H1b): Partners who have previously collaborated are less likely to collaborate

again on the focal client's project when the firm has a stronger relationship with that client.

Client attributes and collaboration choices

Client-specific attributes may also affect the trade-off between leveraging existing collaborations and creating new collaborative relationships in the firm, either because some clients are so important that it matters to secure the best service performance, or in contrast, because some clients provide a more suitable environment to explore new collaborations.

Status of the client. Individual partners' reputation, financial reward, and leadership opportunities are often tied to the business they bring to the firm (Lazega 2001). Consistent with studies that suggest a signaling value of high-status affiliations (e.g., Castellucci and Ertug 2010), we suggest that providing services to high-status clients also confers individual partners with an endorsement effect that supports private benefits. However, partners that work with high-status clients may also experience additional pressure to deliver a superior client service. This pressure may lead to greater diligence in the choice of collaboration partner(s) to service the client. For example, partners responsible for capturing the business of a high-status client will be increasingly conscious of the risks associated with collaborating with less familiar colleagues about whom they have less information concerning their integrity and capabilities (Gardner and Valentine 2015). Even when a partner chooses to collaborate with less familiar, but higher profile, colleagues, such as stars, collaboration with such high-caliber individuals does not guarantee superior performance (Groysberg, Polzer, and Elfenbein 2011). To ensure reliable service performance that not only delivers value to the firm but also preserves (and enhances) the reputation of the partner, we maintain that partners are likely to prefer collaborating with colleagues with whom they have an established working relationship. Therefore, we expect to observe that when a firm is servicing a high-status client, the partners working on the project are more likely to have previously collaborated, above the baseline tendency to do so.

Firms can also benefit from positive reputation spillovers when providing services to high-status clients (Greenwood, Li, Prakash, and Deephouse 2005). These clients typically have rigorous evaluation

standards for the firms they select to handle their business (Stuart, Hoang, and Hybels 1999). Servicing high-status clients sends a signal to the market that the capabilities of the firm are of sufficient quality to meet the high standards of reputable clients (Podolny and Phillips 1996), which, in turn, can help the firm attract new clients (Greenwood et al. 2005). Critically, as the needs of high-status clients are often complex and necessitate premium services, such clients represent an important source of revenue that grows the collective profit pool shared by all partners.

Given the economic and reputational benefits, it is crucial that the partners servicing such clients deliver high performance. Failing to do so could result in a significant loss of future high-value business. Furthermore, projects for high-status clients are often widely reported and analyzed by the media, and so the loss of a high-status client through poor service performance may diminish the endorsement effect. We suggest these downside risks lead to partners carefully considering their collaborators for these projects, resulting in the leveraging of existing internal relational capital, collaboration routines, and human capital complementarities. Thus, we hypothesize:

Hypothesis 2a (H2a): Partners who have previously collaborated are more likely to collaborate again on the focal client's project when the client is of high status.

Client proclivity to switch business between firms ("switching proclivity"). Clients differ in how they distribute their outsourced business among different service providers. While some clients prefer to build long-lasting relationships with fewer firms, others distribute their business broadly (Moeen, Somaya, and Mahoney 2013). As clients' prior outsourcing behavior is observable in the market, the outsourcing strategy a client adopts over time indicates to the firm whether it is likely to retain the client beyond the focal project.

When a client uses a greater number of firms for similar outsourced services, relying on external relational capital developed with firms, and benefiting from commitments for future business transactions, is unlikely to be the client's key objective (Sako, Chondrakis, and Vaaler 2016). Absent the bond of external relational capital, there is greater uncertainty for the firm regarding the level of future business that this client will provide (Mawdsley and Somaya 2020). Although partners can expend additional effort on the

client to win future business, the opportunity costs associated with such effort may be greater than the potential future value from these “switcher clients.” Given the limited productive capacity of individuals (Levinthal and Wu 2010), additional attention directed towards creating value with any particular client is at the expense of potential value creation opportunities with other (existing and new) clients. As partners have a motivation to consistently deliver value to the firm, it is plausible that partners prefer to apply greater effort towards building loyalty and fostering partnership-like business relationships with clients who provide credible signals of future business.

Importantly, relying on existing internal relational capital and collaborative routines takes on greater importance when the potential short-term negative outcomes of collaboration underperformance are more severe. When clients do not offer credible signals of future business, the downside risks connected to these clients are lower (compared to high-status clients, for example), and partners may identify the servicing of these clients as suitable opportunities to explore collaborations with different colleagues. Should these collaborations lead to performance that surpasses the expectations of the client, partners (and the firm) benefit by increasing the probability of retaining the client *and* by identifying new collaborations that can be relied on again for other clients. Even if the collaboration underperforms and the client is not retained, partners still capture an upside in terms of gaining information on the performance of a new collaborative relationship. Thus, we expect partners to “audition” unfamiliar colleagues on projects for clients that they are less likely to develop long-term relationships with (Gardner and Valentine 2015). We, therefore, offer the following hypothesis:

Hypothesis 2b (H2b): Partners who have previously collaborated are less likely to collaborate again on the focal client’s project if the client distributes its business across a higher number of firms.

Resource constraint and collaboration choices

Our final set of hypotheses examines how collaboration decisions are affected by individual- and firm-level resource constraint that originates from the level of demand from clients. Our arguments below outline how resource constraint may result in opposing effects on collaboration decisions depending on whether the

constraint concerns only particular individuals or the firm as a whole.

Individual-level resource constraint. The resource constraints on individuals fluctuate over time depending on the number of projects they are involved with. These fluctuations can affect how available individuals are to work on a new client project (Levinthal and Wu 2010, Chatain and Meyer-Doyle 2017) and therefore should have a direct bearing on collaboration decisions. If individuals were not inherently subject to capacity constraints, they could in theory work on an unlimited number of projects without a decline in performance. However, scholars draw attention to the problems associated with overcommitted individuals (e.g., Mortensen and Gardner 2017). When a resource-constrained partner becomes involved in another client project, cognitive limitations and greater dilution of attention may lead to only a marginally productive contribution to the focal project and can decrease the partner's performance on other projects (O'Leary, Mortensen, Woolley 2011). In turn, colleagues may perceive the partner to be "free-riding" on their effort, and clients may question the value they are receiving relative to the fees they are charged for that partner. As partners are conscious of their own performance and standing in the firm, and in view of the collegiality that should reduce individualistic behavior (Lazega 2001), it is plausible that a partner's client-related workload influences his or her collaboration decisions.

First, as some partners become constrained through higher individual workloads, the opportunities for repeat collaboration should diminish through the reduced availability of colleagues with whom a partner has recently collaborated. A collaboration between a pair of partners in which either one or both are already constrained increases the risk of the collaboration underperforming, in turn lowering the probability of retaining the client and harming those partners' reputation. Thus, a partner responsible for bringing in the business of a client may prefer to collaborate with a less resource-constrained colleague, even if that colleague is less familiar (Gardner 2016). We therefore expect a lower probability of collaboration between partners when one, or both, of them have greater constraint at the time of the focal project.

Second, collaborative norms and internal networks provide the basis for sharing a client with a less constrained colleague. For example, a resource-constrained partner may refer his or her client to a trusted colleague who can provide the client with the expected level of service and attention. Client sharing has the

added benefit of strengthening ties with colleagues, leading to reciprocal sharing, as well as providing partners with new information on how to best serve their clients in the future. Thus, client sharing can be a means through which to gain individual (and collective) benefits. In addition, a less constrained partner may recognize that the resource constraint experienced by a prior collaborator can be a valuable opportunity to expand the set of people he or she works with in the long run and may use the spreading of client business as a productive means for investing in new collaborative relationships, while also keeping a degree of control over the quality of service provided to the client.

Therefore, if one partner in a lawyer dyad is resource constrained, we expect there to be a lower possibility of that partner being available to collaborate on a new client project (i.e., joining a partner he or she has previously collaborated with). This leads to the formation of a new collaborative relationship by the other, less constrained, partner. Similarly, if both partners in the lawyer dyad are resource constrained it is less likely that either one will join the project (given the availability of less constrained colleagues). In both cases, we would observe a lower probability of repeat collaboration by those partners, raising the possibility that new lawyer dyads form to work on the incoming client project. We thus predict:

Hypothesis 3a (H3a): Partners who have previously collaborated are less likely to collaborate again on the focal client's project as the resource constraint of these partners increases.

Firm-level resource constraint. While the previous hypothesis examined how individual-level workload at the time of a focal client project impacts the baseline propensity for repeat collaboration, individual responses to personal constraints may be less effective when the *firm* as a whole is resource constrained. When constraint affects the majority (or all) of the firm's partners, identifying less constrained colleagues may be challenging. In this scenario, consideration for the effective functioning of the firm increases in importance to ensure objectives are met. Effectively, the efficient use of resources and the short-term objective of providing quality services to clients, is likely to be the firm's immediate priority.

One way the firm may reduce the complexity faced when under resource constraint is to rely on

existing collaborative relationships.⁷ Indeed, the responsibility of all the firm's partners to provide client services *and* to effectively manage the firm can lead firms to develop norms and routines for tackling situations of firm-wide resource constraint. By repeatedly collaborating with familiar colleagues, partners can, collectively, ensure the effective functioning of the firm (in the short-term) while simultaneously buffering clients from any potential disorganization that could result in client dissatisfaction.

In addition, the perspective of individual decision makers also matters under firm-wide resource constraint. When it is not feasible for a partner to refer a client to a resource-constrained colleague, the focal partner is likely to carefully consider with whom to collaborate on the focal project. The upfront cost of collaborating with a less familiar colleague is potentially bigger when under constraint as there is limited attention available for cultivating a new working relationship. This applies not only to the partner seeking a collaborator, but also to the resource-constrained colleague asked to collaborate. In the face of firm-wide work pressure, partners may actively seek collaborators from whom they can access reciprocal norms (i.e., “call in a favor”)⁸ and minimize the risks of new collaboration. Past relationships may be comparatively easier to mobilize when firm-level resource constraint is high as those colleagues are more likely to reciprocate for a prior collaborator, especially knowing that the existence of a working relationship means that the upfront cost of this help should not be onerous. Taking together the firm and the individual's perspective, we propose our final hypothesis:

Hypothesis 3b (H3b): Partners who have previously collaborated are less likely to collaborate again on the focal client's project as the firm's overall resource constraint increases.

SAMPLE AND METHODS

We test our hypotheses in the context of UK legal services between 2002 and 2005, a large and growing sector of the UK economy. Legal services are an archetypical knowledge-based professional services

⁷ Of course, firms can increase the size of their pool of human assets through hiring. However, hiring can lead to additional complexity and costs, at least in the short term (e.g., screening and integrating new people), and new hires may also bring with them a set of clients they served in their prior firm.

⁸ As noted by one law firm partner “When you need a partner in X jurisdiction for a particular project, if you're friends, they'll do anything for you...[but] when you don't have that relationship...getting people to commit time to your client that isn't as important to them as it is to you can be *tough*” (Gardner 2016: 105, italics in original).

setting in which important firm capabilities are built on, and critical competitive advantages are derived from, human and relational capital (Maister 1993, Kor and Leblebici 2005). The person-centric focus that characterizes legal services firms stems from the fact that client demand is largely for the intangible services derived from the knowledge and expertise that reside in the firm's professionals (Løwendahl, Revang, and Fosstenløkken 2001, von Nordenflycht 2010). Our specific focus is on the market for corporate M&A legal services. Detailed information on M&A transactions is widely published in the industry and financial press and is available in specialized databases. Moreover, as M&A legal teams are typically assembled for each new M&A legal mandate a law firm receives, our empirical context is an ideal setting for examining how partners in law firms collaborate on projects over time.

To construct our dataset, we first obtained data on M&As in the period from 1998 to 2005 (using years prior to 2002 for variable construction to avoid left-censoring issues) from Mergermarket. This database contains fine-grained information on M&A deals, including information on which law firms advised the parties involved in the M&A and which individual lawyers worked on the deal. For inclusion in our sample, a deal had to involve at least one UK party: acquirer, seller, or target. Using these data, we compiled a longitudinal dataset that linked law firms, partners, and clients to each M&A legal mandate.

We collected data on law firms that were advising on clients' M&A legal mandates in our sample using the legal trade publication *The Lawyer*. Each year, *The Lawyer* surveys and publishes ranking tables of the largest 100 UK corporate law firms. Contained within these tables are an array of firm-specific financial and employment metrics. The high degree of visibility of these league tables across both the legal industry and corporate (client) contexts, and the reputational capital conveyed by membership in *The Lawyer's* Top 100 list, ensures consistent law firm participation in the survey. We gathered data on the industry ranking of firms using *Chambers UK: A Client's Guide to the UK Legal Profession*, an independent guide that ranks the leading UK law firms in as many as six tiers according to legal practice area. We supplemented our firm-level data with individual-level data on lawyers from the annual *Waterlow's Solicitors' and Barristers' Directory*, a near-exhaustive census of partner-level lawyers that provides

individual-level information such as name, date of qualification, and current employer.⁹ Finally, we used the annual *Chambers Client Report* to determine the relationships between law firms and clients at the legal practice level. Data measuring law firm–client relationships, and on client-specific attributes, obtained from *Chambers Client Report* was only available for the years 2002 to 2005. Therefore, we restrict our main analysis to that four-year period. However, we used years 1998 to 2001 for variable construction. Our final dataset comprised 1,531 M&A deals that were associated with 2,441 M&A legal mandates (an M&A deal can generate different legal advisory mandates from clients on each side of the deal, such as acquirer, seller, or target) involving 1,482 clients, 54,167 unique lawyer dyads, and 4,331,742 observations.

In our empirical analysis, we aim to identify factors affecting collaboration at the lawyer-dyad level (i.e., between a pair of lawyers), thus our unit of analysis is the lawyer dyad. Even if a collaboration of two lawyers is dependent on the co-collaboration (inclusion) of a third lawyer (a team of three) or more lawyers, a dyadic analysis would account for this as our risk set includes the dyads between each of the lawyers.

Our empirical approach captures the collaboration of lawyers based on a prior collaboration between those lawyers. *A positive (negative) relationship between a prior collaboration of two lawyers and those lawyers collaborating on the focal project indicates repeat (new) collaboration.* Our moderating hypotheses examine how various client-related explanatory variables impact this baseline relationship.

Dependent variable

Our dependent variable, *Collaboration*, is a binary variable equal to 1 for each M&A lawyer dyad assigned to work on a focal M&A mandate, and 0 if the dyad was unassigned. To compute this variable, for each mandate we constructed a dataset consisting of the entire risk set of all possible M&A lawyer dyads potentially available to the advising law firm for that mandate. Thus, a firm with four M&A lawyers would have a set of six possible lawyer dyads, even if only one of those dyads worked on the focal M&A mandate; in this example, the assigned lawyer dyad would be coded 1 and the remaining five lawyer dyads coded 0.

Independent variables

⁹ Our final sample only contains partner-level lawyers. However, we incorporate data on the total number of associates in each firm within our control variables *Firm Size* and *Leverage Ratio*.

Our baseline independent variable *Prior Collaboration* is computed as a binary variable equal to 1 if a lawyer dyad was assigned on another M&A mandate worked on by the law firm within the prior 24 months, and 0 otherwise. For example, for a focal M&A deal in May 2002, the 24-month window is computed from June 2000.¹⁰

Individual-Level Relationship with Client captures the lawyer dyad's total prior experience working on M&A mandates for the focal client, which we measure as the sum of the number of prior M&A mandates each lawyer in the dyad has worked on for the focal client. For example, in a dyad of lawyer A and lawyer B, if lawyer A worked with the focal client once before and lawyer B twice, then the variable is $1 + 2 = 3$.

Firm-Level Relationship with Client captures the firm's prior experience with the focal client, which we calculate as the number of prior M&A mandates the focal law firm has previously advised the client on, independent of the particular lawyers staffed on the deal.

Client Status is a binary variable equal to 1 if the focal client is a FTSE 100 company listed on the London Stock Exchange, and 0 otherwise. The FTSE 100 is the most prominent stock index in the UK and inclusion in this index bestows firms with reputational capital, market power, and higher status. FTSE 100 firms are prominently covered in the financial press and have higher market visibility than other UK firms.

Switching Proclivity captures the degree to which clients distribute their M&A legal work among many different law firms as opposed to fewer. We measure *Switching Proclivity* as a three-year moving sum (to smooth out any irregular years) of the number of law firms used by the client for its M&A legal work, which indicates the pattern of clients' outsourcing preferences. Results are also robust to a shorter one-year window.

Individual-Level Resource Constraint captures the capacity constraint of the lawyers in the dyad because of their workload at the time of the deal. While there is no restriction on the number of M&A mandates a lawyer can work on concurrently, each mandate places a constraint on the lawyer's productive

¹⁰ A 24-month prior collaboration window avoids incorporating decay of internal collaboration routines that may be associated with a longer time window. In addition, we performed tests using a shorter, 12-month prior collaboration window.

capacity. Consistent with prior research (Chatain and Meyer-Doyle 2017), we compute the *Individual-Level Resource Constraint* variable as the sum of the number of M&A mandates that both M&A lawyers had been staffed on in the 180 days prior to the focal mandate.¹¹

Firm-Level Resource Constraint is measured as the size of the focal firm's portfolio of clients. A larger portfolio of clients presents greater resource management complexity and resource constraint. We compute this variable as the number of clients in a law firm's portfolio to which it provided M&A legal services over a three-year window.¹²

Control variables

We included a range of control variables that may feasibly affect the collaborations between lawyers on incoming client mandates. *Deal Value* is the value, in millions USD, of the focal M&A deal. *Number of M&A Lawyers* is the number of partners in the advising law firm who had worked on at least one prior M&A deal at the time of the focal mandate. *Firm Size* is the total number of attorneys (all partners and associates, not just M&A lawyers) employed by the firm. *Leverage Ratio* is the ratio of firm associates to firm partners, and *Team Size* is the total number of M&A lawyers staffed by the advising law firm to the focal M&A mandate. *Lawyer Mobility* is the sum of incoming and outgoing M&A lawyers from the focal law firm during the 24-month observation window. *Firm Rank* is the standardized annual ranking of the advising law firm in the higher of corporate finance or private equity legal services (two important areas of legal services associated with M&As) as reported by *Chambers UK: A Clients' Guide to the UK Legal Profession*. A dummy variable *Firm Unranked* equal to 1 is included for law firms that are not ranked by Chambers UK. *Client-Specific Scope* measures the breadth of a law firm's relationship with the focal client

¹¹ We assume in our analysis that the average M&A mandate for law firms lasts around six months. However, as mandates vary in length and complexity, it is conceivable that restricting our resource constraint measure to any period potentially introduces measurement error. Yet any such measurement error would lead to an attenuation of the coefficients towards zero and make effects more difficult to empirically detect (Aigner 1973).

¹² We select a three-year window to smooth out any irregular years in which existing clients may have not completed an M&A transaction but may have still required M&A legal advisory work (e.g., for proposed acquisitions which were ultimately abandoned or for exploring potential acquisition opportunities). Results are robust to using a one-year window, the number of M&A mandates as opposed to the number of clients, and to a firm-level variant of our 180-day individual-level resource constraint measure used to test H3a.

across different legal areas and is computed as the number of different legal practice areas in which the law firm provided services to the client in the year of the focal mandate. We include dummy variables that control for whether clients are the *Acquirer/Seller* and for whether the focal mandate is a *Cross-Border Deal* (thus spanning international borders), which proxies for mandate complexity. *M&A Activity in Economy* is the number of M&A deals announced in the 180 days prior to the focal M&A mandate and controls for the M&A activity in the UK economy during this period. We also include several lawyer-dyad-level controls: *Total Dyad Tenure* in the firm is the sum of the number of years in the firm of each lawyer in the dyad, and *Total Deal Experience* is the sum of the cumulative number of M&A deals each lawyer in the dyad has worked on prior to the focal deal. We also control for the *Difference in Tenure* and *Difference in Deal Experience* between the lawyers in the dyad. In addition, we control for whether the lawyers in the dyad are ranked as high performers in the legal industry by constructing an indicator variable, *Lawyer Ranked*, in which the base is that neither lawyer in the dyad is ranked, from which we measure the effect of one ranked lawyer and two ranked lawyers. Finally, we include indicator variables for the industry domain of the focal M&A mandate (there are 31 different industries identified in our sample), which we also interact with *Deal Value* in order to control in some way for the scope of the mandate.¹³

Econometric model

To explore the antecedents of collaborations between lawyers, we examine the determinants of a lawyer dyad collaborating again on an incoming M&A mandate. For the estimation of our models we use a linear probability model (LPM) with lawyer dyad fixed effects that account for unobserved dyad-level attributes that are time invariant but could influence the probability of collaboration for each pair of lawyers. By construction, these fixed effects also include a firm fixed effect as both lawyers forming the dyad are from the same firm (our results are identical if we also include a separate firm fixed effect in the models). We cluster our standard errors by lawyer dyad and include year dummy variables.¹⁴

¹³ In addition, in unreported robustness checks we included controls for the number of deals that (i) the client and (ii) the law firm undertook. Our results are unchanged if these control variables are included.

¹⁴ Robustness checks with two-way clustering (individual clustering on lawyers A and B in a focal dyad) were also performed, which yielded results consistent with our main models.

Although our dependent variable is binary, the estimation and interpretation of our model presents some challenges that lead us to use an LPM rather than a conditional logit model. First, testing our theory relies on interaction effects that are more straightforward to interpret in a linear model, thus making it more convenient to use. Second, and more substantially, we are concerned that using a conditional logit model introduces an endogenous selection problem (Elwert and Winship 2014) that could bias our results. Due to the mathematics of maximum likelihood estimation, a conditional logit model excludes groups for which there is no variation on the dependent variable. In our case, we have many lawyer dyads in the risk set that have never been selected (i.e., never collaborated on an M&A mandate), thus showing no within-group variation in the dependent variable. A conditional logit estimation would drop all these dyads and only use dyads that had collaborated at least once. As a result, a conditional logit model gives coefficient estimates that are representative of the subsample that has been used in the estimation—i.e., only for those pairs with at least one collaboration and one non-collaboration—and not of the whole sample. This is an instance of endogenous selection (Elwert and Winship 2014) as the sample that the conditional logit is estimated on mechanically excludes observations based on the values of the dependent variable. Moreover, this endogenous selection of the pairs for which the effect of prior collaboration is intrinsically strong will likely create spurious correlations among variables in the subsample (Pearl 2009, Elwert and Winship 2014). As a result, the estimates from the conditional logit run the risk of being unrepresentative of the effects in the full sample, while the values that interest us are the average effect for the entire sample.¹⁵

This seems especially of concern in our case, and the issues raised above lead us to prefer using the LPM with fixed effects. The LPM considers the entire sample, without endogenous selection, and the results can be interpreted as average effects representative of the full sample, which fits to our research question.

¹⁵ Such selection on the dependent variable could be very problematic in our case. To see this, and in a stark simplification of the kind of moderating effect we are analyzing, suppose that the baseline coefficient of prior collaboration can take only two values, high or low, for a given pair. Then the subsample made of pairs for which at least one collaboration was observed will include a higher proportion of pairs for which the effect of prior collaboration is high compared to the full sample. Indeed, a high value for the coefficient of prior collaboration increases the chances of collaboration and thus of inclusion in this subsample. This would mechanically lead the conditional logit to estimate the average effect of prior collaboration at a higher level in the subsample than the actual average value of the effect in the entire sample.

For completeness, however, we also present results from the conditional logit estimation.

RESULTS

Table 1 reports the summary statistics and correlations between variables.¹⁶ Of note, in our risk set of approximately 4.35 million observations, around 4% of lawyer dyads have collaborated on a prior M&A mandate within the previous 24 months, and the average number of partners staffed on an M&A mandate is approximately two.

[Insert Tables 1 and 2 Here]

Our primary findings are reported in Table 2, where Model 1 includes only the control variables. Model 2 of Table 2 tests our baseline for the probability of a lawyer dyad collaborating again on an M&A legal mandate. The coefficient on *Prior Collaboration* is negative and statistically significant at conventional levels, providing evidence that, all else equal, lawyers tend to form new collaborations for incoming M&A mandates from clients. While the coefficient is small, it has high practical significance compared with the average probability of collaboration (0.0007). Any factor that modifies this baseline effect is thus of great importance. Models 3–9 of Table 2 report the results of our main hypotheses tests, and we find empirical support for our six hypotheses.

Model 3 of Table 2 provides the result for H1a, which predicted that a lawyer dyad is more likely to collaborate on an incoming M&A mandate when they have previously collaborated (i.e., repeat collaboration) when those lawyers have greater prior experience of providing M&A services to the focal client (holding constant the firm-level relationship with the client). The coefficient on the interaction variable is positive and statistically significant at the 1% level, corroborating our prediction. Model 4 of Table 2 tests H1b, which predicted that the number of times the firm has provided M&A legal services to the client (holding constant individual-level relationships with the client) negatively modifies our baseline collaboration effect (i.e., leads to greater new collaboration). In Model 4, the interaction coefficient is

¹⁶ We performed a variance inflation test, and multicollinearity was not an issue for our models. The mean variance inflation factor (VIF) across our variables was 2.04 and the highest VIF was 5.85, below the threshold of 10.

positive and not statistically significant. However, in the full model (Model 9), which controls for the individual level *interaction effect* of H1a, the coefficient on the interaction variable is negative and statistically significant at the 1% level, consistent with the prediction of H1b. H2a posited that repeat collaboration is more likely for a high-status client. As displayed in Model 5 of Table 2, the coefficient on the interaction variable is positive and significant at the 1% level, thus H2a is also corroborated. In Model 6 of Table 2, we tested H2b, which predicted that a client's greater proclivity to switch law firms for its M&A legal work is associated with a lower probability of collaboration by a lawyer dyad when those lawyers have previously collaborated (i.e., greater new collaboration). In line with our prediction, the coefficient on the interaction term is negative and statistically significant, again at the 1% level. Model 7 reports the test of H3a, which also posited a lower probability of new collaboration by a previously collaborating lawyer dyad as their individual resource constraint increases. In line with our prediction, the coefficient on the interaction variable is negative and significant at the 1% level. Finally, H3b predicted a greater probability of repeat collaboration by a previously collaborating lawyer dyad as the number of clients in their firm's portfolio increases. Reported in Model 8 of Table 2, the coefficient on the interaction term is positive and statistically significant at the 1% level, supporting our prediction. Model 9 of Table 2 is our full model, and all hypotheses are corroborated at the 1% level of statistical significance.

To provide greater intuition to our findings, Figures 2a–4b provide marginal plots for each of our hypotheses.¹⁷ At different values across the full range of the moderator variable, each plot displays the contrast marginal effects for the probability that a lawyer dyad will collaborate on a focal client project when they have previously collaborated (where the marginal effect is contrasted with the marginal effect of the lawyer dyad *not* having previously collaborated). In all plots, the computed marginal effects of collaboration when a prior collaboration has occurred are statistically different from the marginal effects of collaboration when a prior collaboration has *not* occurred (with the exception of the marginal effect at the maximum value of *Firm-Level Resource Constraint* in Figure 4b). We also observe in each plot the

¹⁷ For consistency, the marginal plots for Figures 2a–4b use the results from Model 9 of Table 2.

direction of the slope is in line with our predictions, whereby a positive slope indicates a higher probability of repeat collaboration and a negative slope suggests a higher probability of new collaboration.¹⁸ In summary, our regression analyses and marginal plots provide support for our proposition that client-related factors influence the pattern of collaboration in human-asset-intensive firms.

[Insert Figures 2a-4b Here]

Robustness checks and additional analyses

We performed several supplementary analyses to determine the robustness of our main results, to provide additional insights, and to rule out potential biases in our sample and empirical approach. First, although our unit of analysis is the lawyer dyad, a single M&A lawyer can work alone on the project. While this still represents an event in the pattern of collaboration over time, we nevertheless tested our predictions in a subsample where the number of collaborating lawyers (in a team) was two or greater. Model 1 of Table 3 corroborates our main findings. Second, Model 2 of Table 3 shows results using a 12-month observation window for prior collaboration (as opposed to a 24-month window). Our main results are confirmed with the exception of H2a, which is the correct sign but outside of the conventional limits of statistical significance.¹⁹ Third, we split our sample by M&A mandates of *Acquirer/Seller* clients and *Target* clients to determine if there were any material differences in the collaboration behavior of advising firms with respect to these different categories of client. As acquirers may integrate the target firm, we would expect our results to be most relevant for the sample containing acquirers/sellers since these firms hold higher

¹⁸ We illustrate the interpretation of the marginal effects using the two examples of H1b (Fig 2b) and H2a (Fig 3a). First, from Figure 2b, when the number of times the firm has provided prior M&A services to the focal client increases from zero to four, the negative marginal effect of the probability that a lawyer dyad will collaborate on the focal client's project when they have previously collaborated *compared to not having previously collaborated* strengthens by 17% (i.e., new collaboration is more likely). Second, when the focal client is high status, the negative marginal effect of the probability of collaboration by those lawyers when they have previously collaborated (compared to not having previously collaborated) weakens by almost 10% (i.e., repeat collaboration is more likely).

¹⁹ In addition, in unreported robustness checks, we included controls for (i) legal practice expertise of lawyers most relevant to M&A legal services and (ii) the sum of the number of years since law school graduation of the respective lawyers in the dyad. We also considered the possibility that the most senior lawyer(s) in the firm have ultimate decision-making authority for assigning collaborations. Crucially, if all partners (including the most senior) are aligned to the interests of the collective, we should not detect any meaningful difference from our main results. We tested this conjecture by removing from the sample all lawyer dyads that contained the most senior lawyer(s) in the firm and ran our models again. Results are consistent with our main findings.

potential for future business. Model 3 of Table 3 provides the results from this subsample analysis, which are again consistent with the main findings. Fourth, while constructing a risk set of all possible lawyer dyads is necessary to avoid endogenous selection bias (Elwert and Winship 2014), it is important to ensure we are not overestimating the statistical significance of our results as a by-product of the large size of the risk set. To guard against this possibility, we followed recent studies (e.g., Gulati 1995, Zhelyazkov and Gulati 2016) in estimating a subsample consisting of a random sample of never collaborated dyads at a 5:1 ratio of never collaborated lawyer dyads to previously collaborated lawyer dyads. As reported in Model 4 of Table 3, our main results are supported.²⁰ Finally, while we employ an LPM for our main analyses, we nevertheless also ran analyses based on conditional logit models. These results are reported in Model 5 of Table 3. While the results for our baseline, H2b, H3a, and H3b in this analysis are consistent with our main findings, we were not able to corroborate the remaining hypotheses. However, as previously discussed, we do not consider conditional logit to be the appropriate estimation technique for our analysis and recommend caution in interpreting this test.

[Insert Table 3 Here]

DISCUSSION AND CONCLUSION

Scholars have provided important insights into how collaborations between individuals can create value for firms, but important gaps remain in our understanding of the drivers of collaboration patterns over time. These research gaps are especially apparent in knowledge-intensive contexts where knowledge workers collaborate to execute client projects but must make trade-offs between leveraging prior collaborative relationships and forming new collaborations. How these trade-offs are managed has implications for individuals, firms, and clients alike. In this paper, we investigate how lawyers (partners) collaborate when law firms receive M&A legal mandates from clients. Our study focuses on how client-related factors

²⁰ We also ran analyses on a subsample at a 10:1 ratio of never collaborated lawyer dyads to previously collaborated lawyer dyads. In addition, by randomly removing all duplications of never-collaborated dyads across a firm's M&A mandates in the same year, we ruled out any bias from the potential interdependence of observations and inflation of observations arising from the same lawyer dyad being repeatedly "at risk" of collaboration across multiple M&A mandates for the firm. These analyses yield results that are generally consistent with the main findings.

influence the propensity of partners to maintain stable collaborations with familiar colleagues or to form new collaborations with different colleagues. In addressing our research question, we ground our theorizing in the logic that partners, while following powerful norms, have substantial autonomy in building relationships with clients, organizing their workload, and establishing collaborations with colleagues.

Our baseline finding reveals individuals persistently form new collaborations when the firm receives new M&A legal mandates from clients. In our hypothesis tests, we find empirical evidence consistent with our proposition that client-related factors shape patterns of collaboration within firms. First, stronger *individual-level* external relational capital between the focal client and firm partners is associated with a higher probability of repeat collaboration, whereas stronger *firm-level* external relational capital with the client is associated with a higher probability of new collaboration. These opposing results indicate that external relational capital matters for collaboration decisions but may operate differently at different levels of analysis. Second, the attributes of clients are important for collaboration decisions. Mandates from a high-status client are associated with a higher probability of repeat collaboration; however, new collaboration is more likely when a client uses many law firms to execute its M&A legal work. Finally, we provide evidence that higher demand from clients for a law firm's M&A legal services affects collaboration, which we explain as a response to greater resource constraint. We find a positive association between individual-level resource constraint and new collaboration, which arguably reflects the joint conditions that resource-constrained partners are less available for collaboration and that norms of internal client sharing enable partners to refer “their” clients to less constrained colleagues. At the firm level, resource constraint results in greater repeat collaboration by partners. When the firm experiences resource constraint, partners, in their firm-management role, have a stronger imperative to safeguard the effective functioning of the firm. Our theory and findings suggest that partners, as a collective, approach firm-level constraints by drawing on their prior collaborations when joining client projects. In doing so, partners can reduce resource management complexity and ensure efficiency and effectiveness in handling clients’ needs. Collectively, these findings highlight how firms and individuals resolve the fundamental trade-off between exploiting existing internal relational capital to deliver reliable performance for clients in the short term and building

new collaborations to enhance the human and relational capital of individuals that may benefit clients in the long term.

Although our paper offers contributions to the research literature as discussed below, it does have several limitations. First, while our single empirical context of UK M&A legal advisory services allows us to drill into important client-related factors in a knowledge-intensive environment, we need to be cautious in generalizing our findings to other empirical contexts. Nevertheless, we believe our theoretical framework and hypotheses are broadly applicable across knowledge-intensive contexts where teams of largely autonomous knowledge workers form to address the needs of clients and customers. Such contexts naturally include other professional service sectors but can also extend to other industries where companies provide some degree of autonomy to their employees for developing products or solutions for corporate customers. Furthermore, our findings have relevance beyond our empirical context for understanding team formation. Specifically, to the extent that firms are customer-centric, we would expect that our client-related theory and findings are applicable to how collaborative teams are formed. Notwithstanding, further research is required to investigate the generalizability of our study beyond our empirical context.

Secondly, as M&A lawyers in our sample have expertise in various specialized legal services (which we control for in additional analyses), there are feasible opportunities for partners to develop collaborations through delivering services in other legal domains, but which we cannot observe. While the lawyer-dyad-level fixed effect reduces the influence of such unobserved factors, any measurement error would serve to increase the standard errors of the coefficients and make the effects of our covariates more difficult to empirically detect. Our findings can, therefore, be interpreted as conservative estimates.

Finally, while we expect knowledge-based diversity (e.g., different legal expertise of partners, that we empirically control for) to factor into the observed collaborations in our data, we are not able to ascertain whether demographic diversity-related considerations (e.g., race, gender, and other personal characteristics) affect collaboration. Practitioner evidence indicates demographic diversity to be of increasing importance

for firms, and that clients apply substantial pressure on firms to improve on this dimension.²¹ Thus, it is possible that some clients may require demographic diversity on the team that services them. We cannot rule out such client interventions and, again, suggest this as an area for future research.

Contributions

Our paper contributes to the research literatures on relational capital, strategic human capital, team formation, and professional service firms. We extend research on relational capital by connecting how relationships with clients (external relational capital) and relationships between colleagues (internal relational capital) influence the pattern of collaboration. While it is well established that relational capital provides several benefits concerning information transfer, trust, and effective work routines, scholars are only beginning to unpack how external relational capital with a business partner can differ at the individual and firm levels (e.g., Sorenson and Rogan 2014, Raffiee 2017). Our study adds to this emerging stream of relational capital research by revealing how individual-level and firm-level external relational capital held with a client differently shapes collaboration decisions: individual-level external relational capital increases the probability of repeat collaboration, whereas firm-level external relational capital increases the probability of new collaboration. This pattern can be explained by considering the locus of ownership and control of client relationships. When a client relationship resides with key partners in the firm, decisions over who works with the client remain predominantly with those partners. Individual-level external relational capital is maintained through the partners repeatedly working on that clients' projects. In contrast, when the client becomes embedded with the firm, we observe greater flexibility and rotation in collaborations to service the client. Thus, one contribution of our research is to provide a deeper understanding for how a relationship with an external business partner can lead to different outcomes depending on whether the relationship is primarily held by individuals or the firm.

Relatedly, our paper extends relational capital scholarship by uncovering an interplay between external relational capital with business partners and internal relational capital between professional

²¹ <https://www.acc.com/resource-library/call-action-diversity-legal-profession> (Accessed January 7th 2021).

workers. Prior studies suggest leveraging internal relational capital can be important for (team) performance outcomes (e.g., Groysberg et al. 2008, Huckman et al. 2009). In line with these studies, repeat collaboration may be consistently favored due to the existence of internal relational capital. However, our findings suggest that external relational capital with the client, *and where that relational capital resides*, has a bearing on whether internal relational capital between individuals is leveraged for the execution of the client's project. Notably, firm-level external relational capital may substitute for internal relational capital between individuals, which we observe as new collaboration on that client's project. In contrast, individual-level external relational capital may complement internal relational capital between individuals, which we observe as repeat collaboration.

Our study also adds to the research literature on strategic human capital. Prior research emphasizes how human capital complementarities can improve individual and firm outcomes (Ployhart et al. 2014, Wolfson and Mathieu 2018). Human capital complementarities can be created through collaboration between individuals; however, strategic human capital research is relatively silent on the factors that may determine how individuals collaborate over time. Our findings suggest that collaboration decisions account for whether deploying known human capital complementarities are preferred for a client project, i.e., by collaborating with a prior collaborator, or whether new human capital complementarities are explored through new collaborations. On the one hand, known human capital complementarities offer a predictable mechanism for building human capital-based competitive advantages, but on the other hand, exploring new human capital complementarities can lead to higher value combinations of human capital. Thus, our study highlights key client-related factors that govern how the trade-off is resolved between leveraging existing human capital complementarities to offer clients reliable short-term performance and building new human and relational capital that may benefit individuals, firms, and clients in the longer term.

Extending the strategic human capital literature that focuses specifically on how contextual conditions determine the relevance of human capital for the tasks addressed by individuals and teams (e.g., Ployhart et al. 2014), we identify client-related factors as critical contextual conditions that shape how human capital complementarities are developed through collaboration. In a broader sense, our study also

highlights how client-related factors influence how human capital is configured and deployed in organizations over time. Our paper also extends recent research that bridges the strategic human capital and relational capital literatures. This research reveals how internal relational capital can magnify the value created from combinations of human capital (Wolfson and Mathieu 2020). We suggest that decisions to collaborate repeatedly with the same colleagues may reflect the understanding by individuals that internal relational capital developed with their prior collaborators enhances the value they can co-create by combining their knowledge and skills according to certain client-related contextual conditions.

Our study also contributes to the research literature on team formation by highlighting how client-related factors influence the repeated formation of collaborative project teams. Our study integrates the theoretical insights from literature on human capital, and relational capital to theorize and predict how collaborations (i.e., teams) form in response to different client-related contexts. In addition, prior research on team formation acknowledges how teams form and evolve through a combination of searching for requisite complementary resources (human capital) and searching for team members with shared values (relational capital). Consequently, individuals often leverage their existing social relationships to identify potential team members but may also be aware that accessing complementary resources can require searching beyond their existing network (Aldrich and Kim 2007). Our study contributes to this research by showing how different client-related factors influence whether individuals form collaborations with existing ties (repeat collaboration) or whether they search beyond current relationships to form collaborations with new ties (new collaboration).

Finally, we extend the literature on professional service firms by exploring how collaboration by professionals occurs in a context of decentralized authority. Recent research shows how the structure of partners' network ties to other professionals affects partners' business exploration and new knowledge development (Rogan and Mors 2017), which is consistent with knowledge-enhancement arguments for new collaboration. Using the context of professional service firms, we specifically extend the professional services literature by providing empirical evidence that collaboration decisions by partners are affected not only by collaborative ties with colleagues, but also by different factors that pertain specifically to clients.

For example, the desire to retain wealthy, high-status clients may lead to risk aversion by partners who favor continued collaboration with familiar colleagues who deliver reliable performance, even if new collaboration may offer longer-term benefits. Contrarily, partners may be less risk averse when clients do not offer credible commitments for future business. In this situation, partners may engage in new collaboration to improve their internal network. In addition, our study complements recent qualitative research on leadership in professional service firms (Empson 2017). This research underscores the collective process through which partners co-manage the firm but highlights how partners can ascend to leadership positions through building relationships with other partners and creating value for the firm. We offer the perspective that collaboration decisions enable partners to balance their value creation for the firm with building important relational capital with colleagues.

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TABLES AND FIGURES

Table 1. Summary statistics

Variables		Mean	Std. Dev.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	Collaboration	0.0007	0.03	1																
2	Prior Collaboration	0.04	0.18	0.02	1															
3	Individual-Level Relationship with Client	0.01	0.16	0.04	0.01	1														
4	Firm-Level Relationship with Client	0.86	1.78	0.00	0.00	0.09	1													
5	Client Status	0.11	0.31	0.00	-0.01	0.04	0.41	1												
6	Switching Proclivity	2.97	3.71	0.00	0.00	0.04	0.45	0.17	1											
7	Individual-Level Resource Constraint	0.90	1.16	0.01	0.16	0.04	0.00	-0.03	0.00	1										
8	Firm-Level Resource Constraint	107.70	28.47	-0.02	0.01	-0.01	0.04	-0.01	-0.02	0.15	1									
9	Total Dyad Tenure	13.40	5.01	-0.01	-0.02	-0.01	0.02	0.05	-0.01	-0.12	-0.05	1								
10	Difference Dyad Tenure	3.22	2.97	0.00	-0.02	0.00	0.02	-0.01	0.02	0.03	0.00	0.15	1							
11	Total Deal Experience	8.89	7.33	0.02	0.16	0.06	0.03	0.00	0.00	0.42	0.13	0.23	-0.03	1						
12	Difference Deal Experience	4.51	5.33	0.01	0.07	0.05	0.02	-0.01	0.00	0.31	0.10	0.17	0.03	0.78	1					
13	Lawyer Ranked	1.03	0.73	0.00	0.02	0.00	0.00	-0.01	0.01	0.01	-0.07	0.21	0.17	0.08	0.10	1				
14	Deal Value (\$m)	853.45	1938.04	0.01	0.00	0.00	0.04	0.14	-0.01	-0.03	0.08	0.07	0.00	0.01	0.01	0.01	1			
15	Number of M&A Lawyers	82.22	22.47	-0.02	-0.03	-0.02	0.04	0.12	-0.02	-0.06	0.39	0.23	0.05	0.06	0.05	-0.03	0.16	1		
16	Firm Size	1674.97	1002.22	-0.01	-0.03	-0.01	-0.03	0.02	-0.04	-0.08	0.12	0.19	0.07	-0.05	0.01	0.18	0.15	0.54	1	
17	Leverage Ratio	6.05	1.29	-0.01	-0.02	-0.01	-0.04	-0.05	-0.02	0.01	0.16	-0.04	0.08	-0.10	-0.06	0.15	-0.02	0.09	0.44	1
18	Team Size	1.97	1.36	0.05	0.00	0.01	-0.02	0.07	-0.04	-0.01	0.06	0.05	0.00	0.02	0.01	-0.03	0.20	0.17	0.04	-0.04
19	Lawyer Mobility	11.74	20.00	0.00	-0.02	0.00	0.00	-0.07	0.10	0.04	-0.08	-0.25	0.02	-0.12	-0.09	-0.04	-0.14	-0.22	-0.31	0.07
20	Acquirer/Seller Dummy	0.82	0.38	0.00	-0.01	0.02	0.14	0.11	0.17	0.00	-0.03	0.05	0.02	0.02	0.01	0.00	-0.12	0.08	0.00	-0.05
21	Cross-Border Deal	0.23	0.42	-0.01	0.00	0.01	0.16	0.16	0.04	-0.01	0.11	0.06	0.00	0.03	0.03	0.00	0.08	0.17	0.14	-0.03
22	Firm Rank	0.45	0.34	0.00	0.02	0.00	-0.11	-0.04	-0.08	-0.01	0.14	-0.16	-0.08	-0.08	-0.06	-0.05	0.02	-0.13	-0.04	-0.06
23	Firm Unranked Dummy	0.28	0.45	0.00	-0.02	-0.01	0.10	0.02	0.09	-0.02	-0.12	0.24	0.11	0.10	0.07	0.12	-0.01	0.11	0.01	-0.02
24	Client-Specific Scope	0.30	0.77	0.00	0.00	0.04	0.38	0.64	0.11	-0.01	0.05	0.04	-0.01	0.02	0.01	-0.01	0.10	0.11	0.03	-0.05
25	M&A Activity in Economy	1780.57	133.97	0.00	-0.02	0.00	0.08	-0.02	0.10	-0.08	-0.13	0.20	0.09	0.09	0.06	0.09	0.01	0.10	-0.02	-0.07
26	Missing Tie Data Dummy	0.83	0.38	0.00	0.00	-0.04	-0.36	-0.77	-0.09	0.01	-0.06	-0.04	0.01	-0.01	0.00	0.02	-0.10	-0.11	-0.01	0.05
				18	19	20	21	22	23	24	25	26								
18	Team Size			1																
19	Lawyer Mobility			-0.07	1															
20	Acquirer/Seller Dummy			-0.02	0.01	1														
21	Cross-Border Deal			-0.11	-0.12	0.13	1													
22	Firm Rank			-0.02	-0.07	-0.08	-0.04	1												
23	Firm Unranked Dummy			0.03	0.09	0.07	0.04	-0.84	1											
24	Client-Specific Scope			0.09	-0.10	0.08	0.13	0.00	0.00	1										
25	M&A Activity in Economy			-0.02	0.10	0.06	0.02	-0.47	0.60	0.00	1									
26	Missing Tie Data Dummy			-0.11	0.11	-0.10	-0.14	-0.02	0.02	-0.86	0.05	1								

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Table 2. Main regression results: Determinants of collaboration (linear probability models)

Independent and Control Variables		Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
Dependent Variable = Collaboration (of Lawyer Dyad on Focal M&A Mandate)										
Prior Collaboration	Base		-0.0172*** (0.000384)	-0.0177*** (0.000387)	-0.0172*** (0.000395)	-0.0173*** (0.000389)	-0.0168*** (0.000400)	-0.0164*** (0.000446)	-0.0571*** (0.00197)	-0.0567*** (0.00197)
Prior Collaboration * Individual-Level Relationship with Client	H1a			0.0273*** (0.00391)						0.0284*** (0.00390)
Prior Collaboration * Firm-Level Relationship with Client	H1b				6.74e-05 (8.91e-05)					-0.000487*** (9.94e-05)
Prior Collaboration * Client Status	H2a					0.00138*** (0.000518)				0.00171*** (0.000589)
Prior Collaboration * Switching Proclivity	H2b						-0.000126*** (3.96e-05)			-0.000123*** (3.84e-05)
Prior Collaboration * Individual-Level Resource Constraint	H3a							-0.000436*** (0.000138)		-0.00129*** (0.000135)
Prior Collaboration * Firm-Level Resource Constraint	H3b								0.000360*** (1.59e-05)	0.000377*** (1.60e-05)
Individual-Level Relationship with Client		0.00701*** (0.000490)	0.00696*** (0.000487)	0.00519*** (0.000376)	0.00696*** (0.000487)	0.00696*** (0.000487)	0.00697*** (0.000487)	0.00696*** (0.000487)	0.00696*** (0.000487)	0.00514*** (0.000374)
Firm-Level Relationship with Client		-2.95e-05*** (8.50e-06)	-3.15e-05*** (8.47e-06)	-3.01e-05*** (8.42e-06)	-3.37e-05*** (8.34e-06)	-3.14e-05*** (8.46e-06)	-3.15e-05*** (8.47e-06)	-3.16e-05*** (8.46e-06)	-3.06e-05*** (8.49e-06)	-1.31e-05* (7.90e-06)
Client Status		7.81e-05 (7.94e-05)	7.32e-05 (7.90e-05)	7.98e-05 (7.88e-05)	7.37e-05 (7.90e-05)	2.69e-05 (7.70e-05)	7.22e-05 (7.90e-05)	7.44e-05 (7.90e-05)	7.99e-05 (7.91e-05)	2.86e-05 (7.67e-05)
Switching Proclivity		5.62e-06 (3.43e-06)	7.50e-06** (3.41e-06)	6.09e-06* (3.36e-06)	7.52e-06** (3.42e-06)	7.58e-06** (3.42e-06)	1.17e-05*** (3.22e-06)	7.52e-06** (3.41e-06)	8.16e-06** (3.42e-06)	1.08e-05*** (3.18e-06)
Individual-Level Resource Constraint		-0.000398*** (2.40e-05)	-0.000271*** (2.46e-05)	-0.000273*** (2.46e-05)	-0.000270*** (2.46e-05)	-0.000271*** (2.46e-05)	-0.000271*** (2.46e-05)	-0.000229*** (2.18e-05)	-0.000282*** (2.38e-05)	-0.000166*** (2.14e-05)
Firm-Level Resource Constraint		-1.16e-05*** (1.72e-06)	-1.05e-05*** (2.06e-06)	-1.06e-05*** (2.06e-06)	-1.05e-05*** (2.06e-06)	-1.05e-05*** (2.06e-06)	-1.05e-05*** (2.06e-06)	-1.06e-05*** (2.07e-06)	-2.57e-05*** (2.23e-06)	-2.71e-05*** (2.25e-06)
Total Dyad Tenure		0.000245*** (7.77e-05)	0.000270*** (9.60e-05)	0.000277*** (9.58e-05)	0.000270*** (9.60e-05)	0.000269*** (9.59e-05)	0.000270*** (9.60e-05)	0.000271*** (9.72e-05)	0.000289*** (9.75e-05)	0.000297*** (0.000101)
Difference Dyad Tenure		-0.000175** (8.11e-05)	-0.000214** (0.000100)	-0.000218** (0.000100)	-0.000214** (0.000100)	-0.000213** (0.000100)	-0.000214** (0.000100)	-0.000213** (0.000102)	-0.000202** (0.000101)	-0.000203* (0.000105)
Total Deal Experience		0.000359*** (1.86e-05)	0.000529*** (2.42e-05)	0.000530*** (2.41e-05)	0.000528*** (2.42e-05)	0.000529*** (2.42e-05)	0.000530*** (2.42e-05)	0.000527*** (2.44e-05)	0.000555*** (2.33e-05)	0.000556*** (2.38e-05)
Difference Deal Experience		-0.000190*** (1.74e-05)	-0.000315*** (2.21e-05)	-0.000314*** (2.21e-05)	-0.000315*** (2.21e-05)	-0.000315*** (2.21e-05)	-0.000315*** (2.21e-05)	-0.000316*** (2.23e-05)	-0.000319*** (2.14e-05)	-0.000324*** (2.19e-05)
Lawyer Ranked (one lawyer ranked)		-0.000152** (6.62e-05)	-0.000156** (7.79e-05)	-0.000157** (7.81e-05)	-0.000156** (7.79e-05)	-0.000157** (7.79e-05)	-0.000157** (7.79e-05)	-0.000156** (7.84e-05)	-0.000132* (7.74e-05)	-0.000135* (7.89e-05)
Lawyer Ranked (both lawyers ranked)		-0.000628*** (0.000107)	-0.000600*** (0.000128)	-0.000605*** (0.000128)	-0.000599*** (0.000128)	-0.000601*** (0.000128)	-0.000602*** (0.000128)	-0.000602*** (0.000128)	-0.000523*** (0.000128)	-0.000538*** (0.000130)
Deal Value (\$m)		2.07e-07 (3.17e-07)	1.16e-07 (3.24e-07)	1.73e-07 (3.24e-07)	1.19e-07 (3.24e-07)	1.17e-07 (3.24e-07)	1.05e-07 (3.24e-07)	1.14e-07 (3.24e-07)	1.80e-07 (3.33e-07)	2.07e-07 (3.33e-07)

Client-related factors and collaboration

Number of M&A Lawyers	2.03e-05*** (3.17e-06)	2.97e-05*** (4.13e-06)	2.97e-05*** (4.12e-06)	2.97e-05*** (4.13e-06)	2.97e-05*** (4.13e-06)	2.97e-05*** (4.13e-06)	2.99e-05*** (4.14e-06)	2.66e-05*** (3.96e-06)	2.71e-05*** (4.00e-06)
Firm Size	4.05e-08 (1.15e-07)	-1.91e-07 (1.43e-07)	-1.97e-07 (1.43e-07)	-1.92e-07 (1.43e-07)	-1.90e-07 (1.43e-07)	-1.91e-07 (1.43e-07)	-1.88e-07 (1.43e-07)	-2.11e-07 (1.37e-07)	-2.01e-07 (1.38e-07)
Leverage Ratio	4.67e-05 (4.11e-05)	0.000138*** (4.86e-05)	0.000141*** (4.85e-05)	0.000138*** (4.86e-05)	0.000138*** (4.86e-05)	0.000138*** (4.85e-05)	0.000136*** (4.86e-05)	0.000178*** (5.03e-05)	0.000176*** (5.06e-05)
Team Size	0.000914*** (2.30e-05)	0.000909*** (2.29e-05)	0.000908*** (2.28e-05)	0.000909*** (2.29e-05)	0.000909*** (2.29e-05)	0.000909*** (2.29e-05)	0.000909*** (2.29e-05)	0.000904*** (2.28e-05)	0.000903*** (2.27e-05)
Lawyer Mobility	2.59e-06* (1.35e-06)	3.89e-07 (1.45e-06)	3.05e-07 (1.45e-06)	3.78e-07 (1.44e-06)	3.79e-07 (1.45e-06)	4.25e-07 (1.44e-06)	3.35e-07 (1.45e-06)	1.22e-06 (1.58e-06)	1.11e-06 (1.60e-06)
Acquirer/Seller Dummy	3.39e-05 (3.77e-05)	1.58e-05 (3.75e-05)	1.66e-05 (3.75e-05)	1.57e-05 (3.75e-05)	1.58e-05 (3.75e-05)	1.63e-05 (3.75e-05)	1.55e-05 (3.75e-05)	2.29e-06 (3.75e-05)	3.06e-06 (3.74e-05)
Cross-Border Deal	0.000135*** (3.01e-05)	0.000138*** (3.01e-05)	0.000137*** (3.01e-05)	0.000138*** (3.01e-05)	0.000138*** (3.01e-05)	0.000137*** (3.01e-05)	0.000138*** (3.01e-05)	0.000134*** (3.01e-05)	0.000133*** (3.01e-05)
Firm Rank	-9.42e-06 (0.000114)	9.47e-05 (0.000124)	0.000112 (0.000124)	9.52e-05 (0.000124)	9.52e-05 (0.000124)	9.30e-05 (0.000124)	9.69e-05 (0.000125)	-1.75e-05 (0.000126)	-3.09e-06 (0.000127)
Firm Unranked Dummy	0.00141 (0.00593)	0.00176 (0.00592)	0.00181 (0.00592)	0.00177 (0.00592)	0.00177 (0.00592)	0.00176 (0.00592)	0.00172 (0.00593)	0.00202 (0.00599)	0.00194 (0.00602)
Client-Specific Scope	-2.46e-05 (3.48e-05)	-2.88e-05 (3.48e-05)	-3.12e-05 (3.48e-05)	-2.87e-05 (3.48e-05)	-2.80e-05 (3.48e-05)	-2.93e-05 (3.48e-05)	-2.89e-05 (3.48e-05)	-1.93e-05 (3.47e-05)	-2.16e-05 (3.48e-05)
M&A Activity in Economy	-5.65e-07*** (1.37e-07)	-5.54e-07*** (1.39e-07)	-5.48e-07*** (1.38e-07)	-5.54e-07*** (1.39e-07)	-5.54e-07*** (1.39e-07)	-5.55e-07*** (1.39e-07)	-5.51e-07*** (1.39e-07)	-5.56e-07*** (1.38e-07)	-5.45e-07*** (1.40e-07)
Missing Tie Data Dummy	0.000108 (8.98e-05)	0.000110 (8.98e-05)	0.000113 (8.97e-05)	0.000111 (8.98e-05)	0.000111 (8.98e-05)	0.000109 (8.98e-05)	0.000111 (8.98e-05)	0.000126 (8.98e-05)	0.000128 (8.97e-05)
Constant	-0.00342*** (0.000750)	-0.00463*** (0.000935)	-0.00469*** (0.000933)	-0.00463*** (0.000935)	-0.00462*** (0.000934)	-0.00462*** (0.000934)	-0.00466*** (0.000941)	-0.00327*** (0.000926)	-0.00336*** (0.000946)
Observations	4,331,742	4,331,742	4,331,742	4,331,742	4,331,742	4,331,742	4,331,742	4,331,742	4,331,742
R-squared	0.005	0.011	0.013	0.011	0.011	0.011	0.011	0.015	0.017
Number of Lawyer Dyads	54,167	54,167	54,167	54,167	54,167	54,167	54,167	54,167	54,167
Lawyer Dyad Fixed Effects	Yes								
Year Fixed Effects	Yes								
Deal Industry Fixed Effects	Yes								
Deal Value * Deal Industry Dummy	Yes								

Two-tailed tests; robust standard errors clustered by lawyer dyad reported in parentheses; *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Client-related factors and collaboration

Table 3 Supplementary analysis

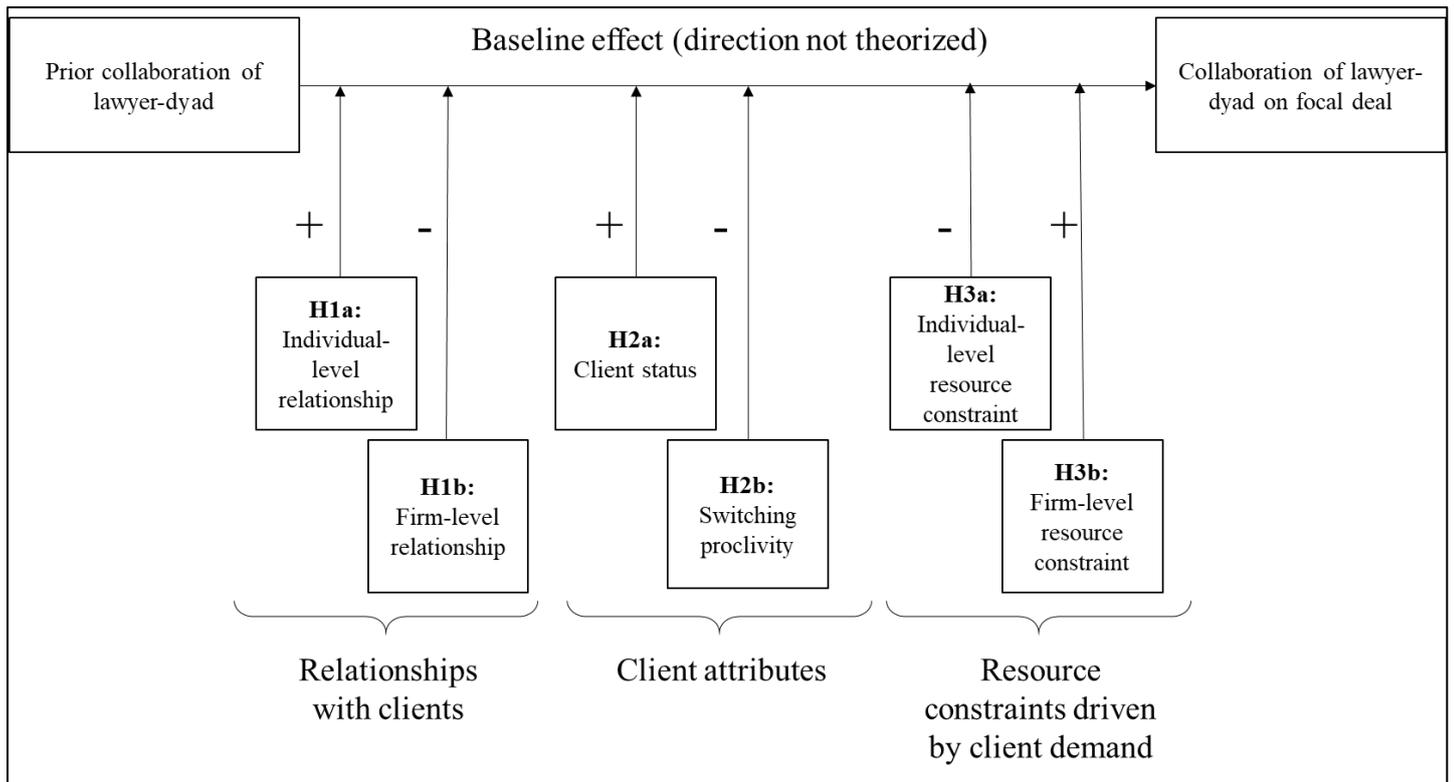
Independent and Control Variables		Model 1	Model 2	Model 3	Model 4	Model 5
		Team Size ≥2	1-Year Window	Acquirer / Seller Only	5:1 Ratio Group Sampling	Conditional Logit
Dependent Variable = Collaboration (of Lawyer Dyad on Focal M&A Mandate)						
Prior Collaboration	Base	-0.117*** (0.00387)	-0.0523*** (0.00210)	-0.0594*** (0.00222)	-0.0788*** (0.00258)	-3.486*** (0.280)
Prior Collaboration * Individual-Level Relationship with Client	H1a	0.0427*** (0.00641)	0.0406*** (0.00612)	0.0235*** (0.00372)	0.0195*** (0.00484)	0.0912 (0.148)
Prior Collaboration * Firm-Level Relationship with Client	H1b	-0.000994*** (0.000244)	-0.000333** (0.000151)	-0.000536*** (9.55e-05)	-0.000324*** (0.000121)	0.0777 (0.0598)
Prior Collaboration * Client Status	H2a	0.00340*** (0.00109)	0.000367 (0.000874)	0.00165*** (0.000580)	0.00204** (0.000794)	-0.532* (0.279)
Prior Collaboration * Switching Proclivity	H2b	-0.000309*** (0.000106)	-0.000151*** (5.05e-05)	-0.000114*** (3.98e-05)	-8.43e-05* (4.76e-05)	-0.109*** (0.0381)
Prior Collaboration * Individual-Level Resource Constraint	H3a	-0.00221*** (0.000261)	-0.000916*** (0.000167)	-0.00155*** (0.000144)	-0.00102*** (0.000168)	-0.171*** (0.0494)
Prior Collaboration * Firm-Level Resource Constraint	H3b	0.000773*** (3.11e-05)	0.000354*** (1.72e-05)	0.000406*** (1.82e-05)	0.000503*** (2.12e-05)	0.00510** (0.00239)
Individual-Level Relationship with Client		0.00992*** (0.000698)	0.00574*** (0.000413)	0.00485*** (0.000376)	0.0208*** (0.00163)	1.238*** (0.0838)
Firm-Level Relationship with Client		-6.82e-05*** (1.86e-05)	-2.62e-05*** (8.02e-06)	-1.85e-05** (7.79e-06)	-8.19e-05** (3.52e-05)	-0.146*** (0.0277)
Client Status		-0.000252* (0.000145)	9.97e-05 (7.67e-05)	9.99e-06 (7.00e-05)	2.64e-05 (0.000325)	-0.0127 (0.133)
Switching Proclivity		7.51e-06 (8.58e-06)	8.27e-06** (3.30e-06)	1.31e-05*** (3.23e-06)	3.07e-05** (1.43e-05)	-0.00647 (0.0119)
Individual-Level Resource Constraint		-0.000280*** (4.33e-05)	-0.000144*** (2.09e-05)	-0.000143*** (2.35e-05)	-0.000377*** (8.85e-05)	-0.0499* (0.0298)
Firm-Level Resource Constraint		-5.49e-05*** (5.28e-06)	-2.11e-05*** (2.10e-06)	-2.90e-05*** (2.48e-06)	-8.77e-05*** (9.65e-06)	-0.000853 (0.00539)
Total Dyad Tenure		0.000561*** (0.000208)	0.000321*** (9.56e-05)	0.000346*** (0.000109)	0.000638* (0.000363)	-0.0884 (0.131)
Difference Dyad Tenure		-0.000417* (0.000218)	-0.000202** (0.000100)	-0.000256** (0.000114)	-0.000549 (0.000376)	-0.153 (0.134)
Total Deal Experience		0.00105*** (4.73e-05)	0.000455*** (2.21e-05)	0.000542*** (2.66e-05)	0.00181*** (7.93e-05)	0.558*** (0.0344)
Difference Deal Experience		-0.000606*** (4.35e-05)	-0.000266*** (2.08e-05)	-0.000324*** (2.44e-05)	-0.000992*** (8.44e-05)	-0.247*** (0.0366)
Lawyer Ranked (one lawyer ranked)		-0.000206 (0.000157)	-0.000161** (7.80e-05)	-6.99e-05 (8.41e-05)	-0.000864** (0.000368)	-0.473* (0.278)
Lawyer Ranked (both lawyers ranked)		-0.00105*** (0.000259)	-0.000637*** (0.000129)	-0.000456*** (0.000138)	-0.00284*** (0.000577)	-1.529*** (0.385)
Deal Value (\$m)		4.04e-06 (1.58e-05)	2.33e-07 (3.29e-07)	2.72e-07 (1.74e-07)	1.28e-06 (1.50e-06)	-0.00338 (0.00520)
Number of M&A Lawyers		4.42e-05*** (8.13e-06)	2.47e-05*** (3.78e-06)	2.81e-05*** (4.25e-06)	0.000130*** (1.76e-05)	0.0635*** (0.0110)
Firm Size		-3.34e-07 (3.09e-07)	-2.65e-08 (1.40e-07)	-1.38e-07 (1.47e-07)	-9.51e-07 (6.06e-07)	-0.000443 (0.000466)
Leverage Ratio		0.000340*** (0.000119)	8.56e-05* (4.93e-05)	9.67e-05* (5.61e-05)	0.000780*** (0.000217)	0.305** (0.137)
Team Size		0.00112*** (3.62e-05)	0.000908*** (2.29e-05)	0.000888*** (2.47e-05)	0.00374*** (8.98e-05)	0.745*** (0.0139)
Lawyer Mobility		6.47e-06* (3.68e-06)	2.57e-06 (1.67e-06)	1.91e-06 (1.79e-06)	4.32e-06 (7.33e-06)	-0.00556 (0.00502)
Acquirer/Seller Dummy		3.25e-05 (7.66e-05)	1.70e-05 (3.74e-05)		9.10e-05 (0.000155)	0.101 (0.0694)
Cross-Border Deal		-8.70e-06 (7.21e-05)	0.000133*** (3.01e-05)	0.000147*** (3.25e-05)	0.000553*** (0.000123)	-0.117 (0.0772)
Firm Rank		7.08e-05 (0.000268)	8.94e-05 (0.000133)	7.78e-05 (0.000138)	-0.000577 (0.000545)	-0.799** (0.348)
Firm Unranked Dummy		0.108***	-0.00145	-0.0181***	0.00820	0.226

Client-related factors and collaboration

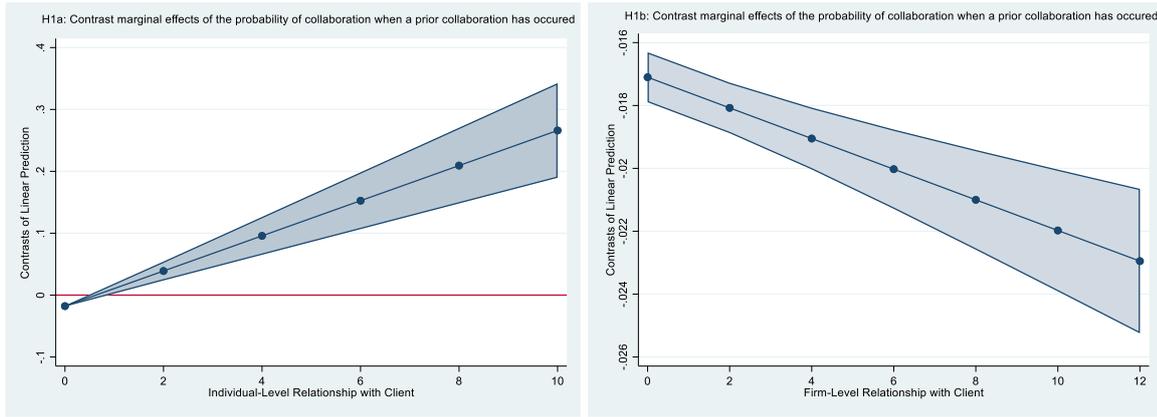
	(0.0411)	(0.00628)	(0.00467)	(0.0162)	(0.456)
Client-Specific Scope	0.000133**	-2.39e-05	-6.04e-05*	-6.85e-05	-0.288***
	(6.60e-05)	(3.48e-05)	(3.09e-05)	(0.000143)	(0.0870)
M&A Activity in Economy	-9.94e-07***	-3.98e-07***	-5.43e-07***	-1.29e-06**	-0.000592**
	(2.85e-07)	(1.37e-07)	(1.48e-07)	(5.85e-07)	(0.000302)
Missing Tie Data Dummy	0.000360**	0.000124	-1.26e-05	0.000411	-0.453**
	(0.000174)	(8.96e-05)	(8.61e-05)	(0.000367)	(0.181)
Constant	-0.00642	-0.00404***	-0.00316***	-0.0137***	
	(0.00500)	(0.000904)	(0.000999)	(0.00372)	
Observations	2,107,040	4,331,742	3,565,474	1,035,362	227,317
R-squared	0.028	0.013	0.017	0.032	0.446
Number of Lawyer Dyads	53,557	54,167	53,898	12,685	2,529
Lawyer Dyad Fixed Effects	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes
Deal Industry Fixed Effects	Yes	Yes	Yes	Yes	Yes
Deal Value * Deal Industry Dummy	Yes	Yes	Yes	Yes	Yes

Models 1–4 are linear probability models; Model 5 is a conditional logit model; two-tailed tests; robust standard errors clustered by lawyer dyad reported in parentheses. Model 5 reports the McFadden’s adjusted R-squared; *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

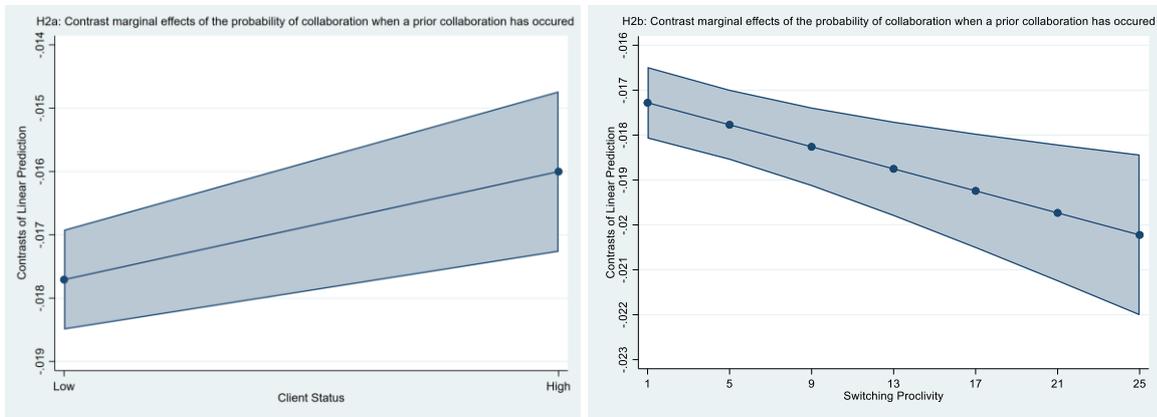
Figure 1: Overview of hypotheses



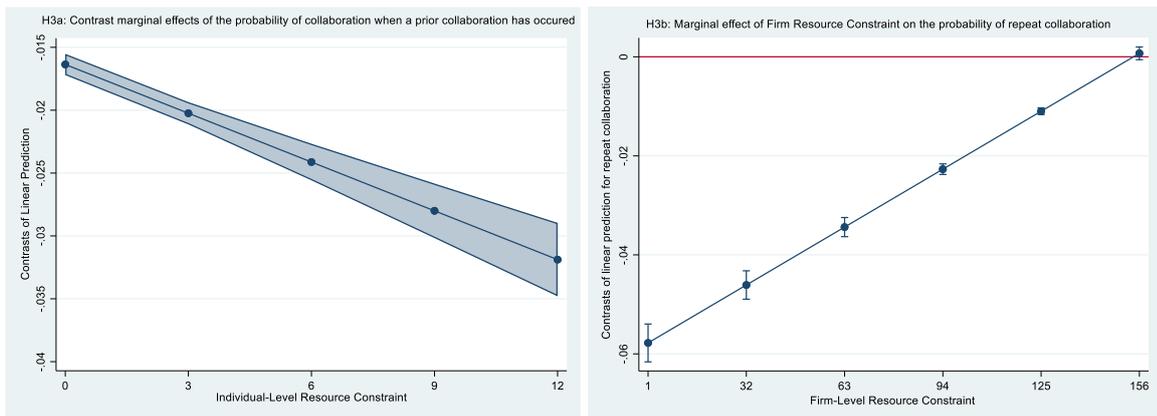
Figures 2a and 2b: Marginal plots for H1a and H1b with 95% confidence intervals



Figures 3a and 3b: Marginal plots for H2a and H2b with 95% confidence intervals



Figures 4a and 4b: Marginal plots for H3a and H3b with 95% confidence intervals



In Figures 2a–4b, the displayed marginal effects are the contrast marginal effects of the probability of collaboration between a lawyer dyad when a prior collaboration between that lawyer dyad has occurred, contrasted to when a prior collaboration between that lawyer dyad has *not* occurred. The *x*-axis in each plot uses the full range of values of the moderator variable, except in Figure 3a, where the moderator variable is binary.