REINSURANCE TRADING IN LLOYD'S OF LONDON:
BALANCING CONFLICTING-YET-COMPLEMENTARY LOGICS IN PRACTICE

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ABSTRACT
Drawing on a year-long ethnographic study of reinsurance trading in Lloyd’s of London, this paper makes three contributions to current discussions of institutional complexity. First, we shift focus away from structural and relatively static organizational responses to institutional complexity and identify three balancing mechanisms - segmenting, bridging, and demarcating - which allow individuals to manage competing logics and their shifting salience within their everyday work. Second, we integrate these mechanisms in a theoretical model that explains how individuals can continually keep coexisting logics, and their tendencies to either blend or disconnect, in a state of dynamic tension which makes them conflicting-yet-complementary logics. Our model shows how actors are able to dynamically balance coexisting logics, maintaining the distinction between them, whilst also exploiting the benefits of their interdependence. Third, in contrast to most studies of newly formed hybrids and/or novel complexity our focus on a long-standing context of institutional complexity shows how institutional complexity can itself become institutionalized and routinely enacted within everyday practice.
INTRODUCTION

A growing variety of organizations straddle multiple social domains whose constituents impose different and often incompatible rules and expectations. Hospitals, for example, must satisfy expectations of care and financial accountability, as imposed by patients and funding bodies (e.g. Kitchener, 2002; Reay & Hinings, 2005). Likewise, regulated utilities, public-service organizations, and social enterprises must balance their societal missions and market pressures. To varying degrees, these organizations all confront what Greenwood and colleagues term ‘institutional complexity’ (2010; 2011), the challenge of having to align their structures and practices with incompatible behavioral templates or ‘logics’ (Friedland & Alford, 1991).

Such institutional complexity was initially considered imposed and problematic, such as in the managerialization of healthcare (e.g. Reay & Hinings, 2005). Recently, however, so-called ‘hybrid’ organizations, defined as those that ‘incorporate competing institutional logics’ (Pache & Santos, 2013: 972) are addressing pressing social issues through commercial ventures, from climate change to hardship relief to rural development (Battilana & Dorado, 2010; Jay, 2013; Tracey, Phillips, & Jarvis, 2011). Their choice to straddle the competing logics of charitable and for-profit work has suggested that institutional complexity may, in fact, be desirable and beneficial. Yet we know surprisingly little about how such benefits are reaped.

As institutional theorists have largely emphasized conflicts between contradictory logics and their representatives (e.g. Greenwood et al., 2011; Pache & Santos, 2010), we know a lot about how they are kept apart, little about how they coexist, and virtually nothing about how they can positively feed off each other. This oversight is particularly striking, as Friedland and Alford’s seminal work noted that coexisting logics can be ‘mutually dependent, yet also contradictory’ (1991: 250; emphasis added). Given the prevalence and societal importance of institutionally complex organizations, it is thus of both theoretical and empirical significance that we understand how people in those organizations can manage conflicting logics so that the practices they prescribe
feed off, rather than undermine, each other to jointly enhance organizational legitimacy and performance.

To examine how seemingly incompatible logics can be fruitfully combined, we report on a year-long ethnographic study of reinsurance trading in Lloyd’s of London. We use a practice lens (e.g. Jarzabkowski, 2004; Schatzki, 2001; Whittington, 2006) to delve into the mundane everyday practices by which reinsurance underwriters assess risks, place capital and, in doing so, balance the seemingly irreconcilable demands of the financial market and their Lloyd’s community. This focus originated from our own surprise when we found that reinsurance companies trading in Lloyd’s compete over ratings, market share and profits yet their members also show gentlemanliness amongst competitors and prioritize long-term relationships over short-term profits. Most perplexingly, not only did they balance competition for ratings and returns with an affectionate identification with Lloyd’s, its members and social rituals, but did so with a striking ease that piqued our interest.

Our insights make three contributions to discussions of institutional complexity: First, we identify three balancing mechanisms, labeled segmenting, bridging, and demarcating, which allow individuals to manage competing logics and their shifting salience within their everyday work. By attending to what individuals do inside those organizational structures that have been the focus of prior work (for reviews, see Greenwood et al., 2011; Pache & Santos, 2010) we extend existing studies of purposeful organizational responses to institutional complexity. We reconceptualize organizational structures as enabling people to balance competing logics dynamically, rather than separate them permanently; and we re-direct attention from organizational leaders to a previously neglected class of actors: people on the frontline. In doing so, we respond to calls for a deeper understanding of how institutional complexity is experienced and resolved at the institutional ‘coalface’ (Barley, 2008; see also: Thornton, Ocasio, & Lounsbury, 2012).
Second, we integrate these mechanisms in a theoretical model that explains how individuals can continually keep coexisting logics, and their tendencies to either blend or disconnect, in a state of dynamic tension. This model shows how hybrid organizations integrate activities governed by conflicting logics, mitigate against ‘slippage’ towards either alternative (e.g. Battilana & Dorado, 2010; Jay, 2013), and reap the benefits of logics that are conflicting-yet-complementary. In doing so, our model addresses calls to transcend the predominant binary focus on logics as compatible or conflicting (Goodrick & Reay, 2011; Greenwood et al., 2011) and attends to complementarity as a previously neglected corollary of mutual dependence between logics.

Third, we contrast studies of novelty and conflict in nascent hybrids (e.g. Battilana & Dorado, 2010; Jay, 2013) with Lloyd’s as a case of long-standing institutional complexity. We thereby demonstrate that tensions of coexistence can become settled over time and institutional complexity is unwittingly sustained within taken-for-granted practices of everyday work. In short, institutional complexity can itself become institutionalized.

We first outline the theoretical background to our arguments and then introduce our research context, ethnographic fieldwork and analysis. Third, we present our findings, which outline the practices that enact and balance community and market logics in Lloyd’s. We then develop our conceptual framework before outlining boundary conditions and suggestions for future research.

THEORETICAL BACKGROUND

Institutional Logics and Complexity

Institutional logics have been broadly defined as a social domain’s ‘organizing principles’ (Friedland & Alford, 1991: 248) or ‘rules of the game’ (Thornton & Ocasio, 2008: 112). They provide actors with common frames of reference or ‘cognitive maps’ to ‘guide and give meaning to their activities’ (Scott, Ruef, Mendel, & Caronna, 2000: 20). Logics are woven into the fabric of regulatory structures, organizational forms and social norms and specify which issues to consider.
salient, which ends to pursue, which means to employ, and which standards to use to define success. According to Thornton and colleagues, all logics can be operationalized, coded and compared along their ‘elemental categories or building blocks’ (2012: 54), such as their respective sources of legitimacy, authority or identity, and their bases of attention, norms, or strategy.

Traditionally, scholars have been particularly intrigued by the market logic as one of the ‘master principles of society’ (Thornton, 2004: 70). Under this logic, profit maximization is an appropriate goal or ‘basis for strategy’, which is legitimated by share price considerations and authorized by shareholder activism (Thornton et al., 2012). Serving social needs is only considered to the extent that it complements efficiency- and control-seeking behaviors as a means of profit appropriation (Pache & Santos, 2013; Thornton et al., 2012). Accordingly, individualism and self-interest provide the basis of norms for individual behavior, which are reflected in transactional, arm’s length exchange relationships (Almadoz, 2012; Marglin, 2008).

More recently, the community logic has attracted some attention as an alternative framework for organizational behavior (Thornton et al., 2012). Social domains governed by a community logic are characterized ‘principally by relations of affect, loyalty, common values, and/or personal concern’ (Brint, 2001: 8). To the extent that these durable, non-instrumental ties constitute community members as connected and accountable to each other (Lounsbury, 2007; Marquis & Lounsbury, 2007; Marquis, Lounsbury, & Greenwood, 2011), they set up the entity’s ‘unity of will’ and its members’ ‘belief in trust and reciprocity’ as key sources of legitimacy (Thornton et al., 2012: 73). Accordingly group membership, rather than self-interest, provides the normative basis for individual behavior. It underpins a sense of complicity and common identity which ‘allows for practices of collaborative engagement’, but also supports mutual monitoring and social ostracism as enforcing mechanisms (Ansari, Wijen, & Gray, 2013: 33; Lounsbury, 2007).

Adherence to such logics is enforced by mechanisms that associate their violation with the social or material cost of lost legitimacy (e.g. Friedland & Alford, 1991; Thornton & Ocasio,
Meeting domain-specific expectations and avoiding these costs becomes challenging when organizations straddle multiple domains that create ‘jurisdictional overlap’ between conflicting logics, and thereby generate ‘institutional complexity’ (Thornton et al., 2012: 57). This is defined as the encounter of ‘incompatible prescriptions from multiple institutional logics’ (Greenwood et al., 2011: 317) and is characterized by ‘antagonisms in the organizational arrangements required by institutional referents’ (Pache & Santos, 2010: 457). Simply put, if institutional logics constitute the ‘rules of the game’, an organization playing ‘in two or more games at the same time’ faces institutional complexity (Kraatz & Block, 2008: 2). Playing by the rules of one ‘game’ breaks the rules of another which, in organizational terms, means losing legitimacy with one referent audience as expectations of another are met (e.g. Purdy & Gray, 2009), combining incommensurable structures and practices (e.g. Jay, 2013; Tracey et al., 2011), and risking clashes between factions representing competing logics (Almandoz, 2012; Pache & Santos, 2010).

Such clashes and incompatibilities have repeatedly been reported between the market and the community logic. These logics have been portrayed as particularly difficult to reconcile, because of their respective antithetical emphases on either individual self-interest or community well-being, instrumental or affective ties, and on share price effects or beliefs in trust and reciprocity. Such contradictions have been noted during downsizing, when community commitments can moderate the operation of free market forces (Ahmadian & Robinson, 2001; Greenwood et al., 2010), and during the re-emergence of community banks opposing the rise of market-based banking (Marquis & Lounsbury, 2007). Market-community incompatibilities have also been emphasized by Schneiberg (2002) who noted tensions between cooperative and corporate forms of organizing fire insurance, and by Lounsbury and colleagues (2003) in their study of the recycling industry’s transition from a community-based movement to a market-based industry. As these examples suggest, the overlap between market and community logics constitutes a strong case of institutional complexity. Silicon Valley (Saxenian, 1990) and Wall Street (Lounsbury, 2007) are two exceptional cases which successfully balance those two logics, and
both are exemplars of the distinctive institutional status that comes with the ability of organizations to reconcile ‘discordant forces in their pluralistic milieu’ (Kraatz & Block, 2008: 8). Yet, while we know that these clusters successfully balance the demands of market and community, we do not know how individual organizations do so internally.

Institutional Complexity and Organizational Responses

Building on Oliver’s (1991) seminal work, documented responses to institutional complexity have initially been defensive, aimed at minimizing internal conflict and external legitimacy threats (e.g. Pache & Santos, 2010). Organizations have been found to resist specific pressures (e.g. Townley, 1997), defy problematic stakeholders (e.g. Greenwood & Suddaby, 2006), or compartmentalize logics in different locales, units, or processes (e.g. Dunn & Jones, 2010; Jarzabkowski, Lê, & Van de Ven, 2013a; Lounsbury, 2007). All these responses resolve complexity by separating competing logics, and the practices of people that enact them.

Recently, though, researchers have recognized that embracing, rather than resolving, institutional complexity can offer benefits of broader practice repertoires, access to additional resource pools, and enhanced innovation and work-integration enterprises (Pache & Santos, 2013; Tracey et al., 2011) blend social welfare and market logics to bolster support and funding for their mission. Likewise, by embracing both public- and client-service logics, the Cambridge Energy Alliance accessed both public funds and client service fees, but also developed new ways of promoting energy efficiency (Jay, 2013). While the embrace of complexity has shifted attention from logic separation to integration, we still know little about who is responsible for integration, how it is achieved, and when it occurs. Specifically, the following three blind spots need addressing:

First, the literature has so far focused on organizational responses to institutional complexity (Greenwood et al., 2011; Pache & Santos, 2010). This level of analysis portrays the management of institutional complexity as episodic and predictable. Complexity is encountered in specific instances and addressed through known choices that are selected, rather than developed in the
situation (Battilana & Dorado, 2010; Tracey et al., 2011). However, for a plethora of practitioners, from healthcare professionals (Heimer, 1999; Reay & Hinings, 2009) to combat surgeons (Leavitt et al., 2012), competing demands are woven into the fabric of their everyday work and fluctuate with situational exigencies. Therefore, to do justice to the empirical realities of hybrid organizations, we need to take seriously calls to ‘delve deeper into the dynamic patterns of complexity’ (Greenwood et al., 2011: 334) and to acknowledge the struggles of individuals, rather than organizations, operating across multiple logics (Goodrick & Reay, 2011). In short, we need to explore the mundane practices by which individuals dynamically negotiate institutional complexity at the ‘coalface’ (Barley, 2008).

Second, studies that do consider logic integration focus on which structures and practices to combine, but leave the how ‘under examined’ (Greenwood et al., 2011: 353). For instance, Pache and Santos (2013) show that work integration enterprises choose ownership forms, brandings, or standardization levels, which individually resonate with either the commercial or welfare logic and collectively maximize support for their mission by accessing two discrete resource pools. However, the authors focus on what elements are combined, not how. Alternatively, those arguing for the blending of competing logics into a ‘hybrid logic’ side-step the integration issue, because even under the single hybrid logic its constituent practices remain compartmentalized with different groups following different logics (Battilana & Dorado, 2010; Jay, 2013; Tracey et al., 2011). While they explain how the organization meets divergent stakeholder demands, they remain silent on how it integrates practices governed by different logics.

Compartmentalizing, blending, and selective coupling all have significant shortcomings in conceptualizing the ‘mutual’ dependence (Friedland & Alford, 1991) of competing logics. Compartmentalizing and blending both undermine any mutuality or ‘inter’-dependence (Thompson, 1967) between logics. Compartmentalizing denies fruitful interaction between logics. Blending risks ‘drift’ or ‘slippage’ towards either component logic (Battilana & Dorado, 2010; Jay,
2013). At best, this jeopardizes the benefits of hybridity (Jay, 2013); at worst, it causes harm by over-privileging one set of demands (e.g. profit) over another (e.g. public service), as seen in recent scandals (e.g. Covaleski, Dirsmith, & Rittenberg, 2003; Grey, 2003). ‘Selective coupling’ (Pache & Santos, 2013) acknowledges a weaker form of ‘pooled’ interdependence in which ‘each part renders a discrete contribution to the whole’ (Thompson, 1967: 54). Yet we know nothing about the stronger ‘reciprocal’ interdependence of separate activities that are equally critical for task accomplishment, and are mutually reinforcing but governed by conflicting logics. This is a significant gap, as this situation comes closest to Friedland and Alford’s (1991) proposal that mutual dependence and positive feedback effects between conflicting logics should exceed the ‘additive, “part-focused”’ benefits documented in the existing literature (Kraatz & Block, 2008: 11). Hence, to do justice to Friedland and Alford’s (1991) theoretical legacy, find ways to protect hybrids against involuntary drift, and explain how they can integrate competing logics in a way that acknowledges their contradiction yet exploits their interdependence, we need to cover the middle ground between compartmentalizing and logic blending.

Third, institutional complexity has primarily attracted attention in instances where new organizational forms emerge (Battilana & Dorado, 2010; Jay, 2013; Tracey et al., 2011), fields are (re)-constructed (Ansari et al., 2013; Purdy & Gray, 2009; Reay & Hinings, 2005), or work demands produce novel complexities (Jarzabkowski, Matthiesen, & Van de Ven, 2009; Smets, Morris, & Greenwood, 2012). Focusing on times of flux or crisis may, however, overstate the conflict involved in navigating institutional complexity. To understand it as a lasting reality, we must look beyond the initial novelty and drama and study how it is continuously managed in organizations that have sustained competing logics over long periods.

To address these three blind spots, we need to know more about (a) the practices by which individuals dynamically manage conflicting demands and their fluctuating salience in their everyday work, (b) the ways in which hybrid organizations balance competing logics so as to
generate positive feedback effects, and (c) how these practices play out in organizations that face an established complexity and which are maintaining rather than creating their hybrid status. We address these gaps by asking: How do actors facing long-standing institutional complexity enact both the contradiction and the interdependence between coexisting logics in their everyday work?

**A Practice Lens on Institutional Complexity**

We address this research question from a practice perspective, which focuses on the activities of individuals and their experience of institutional complexity as ‘part of the ordinary, everyday nature of work’ (Jarzabkowski et al., 2009: 289). This focus complements the structural approaches that currently dominate the literature. It provides a more complete and dynamic understanding of how individuals balance competing logics within the organizational structures they inhabit (Smets et al., 2012; Suddaby, Seidl, & Le, 2013).

A ‘practice’ is ‘an organized constellation of actions’, which is informed by ‘practical’ and ‘general’ understandings (Schatzki, 2002: 71-72, 2006). ‘Practical understanding’ comprises practitioners’ personal, tacit know-how to select and competently perform specific actions which they consider pertinent to a particular situation (Schatzki, 2006: 1864). ‘General understanding’ contains practitioners’ collective notion of the appropriateness of specific actions in a given context. It gives coherence to the constellation of actions that constitutes a practice, facilitates participation in collective practice, and renders shared work meaningful (Schatzki, 2002, 2006). For example, legal practice involves researching, negotiating, and drafting, the meaning and coherence of which flow from a general understanding, or professional ‘logic’, of what lawyers do (Smets et al., 2012). In this sense, a general understanding is akin to an institutional logic insofar as both encapsulate a common agreement about what to do in a particular type of situation. Practices then recursively enact and reproduce the general understanding or logic from which they draw meaning (Jarzabkowski, 2004; Lounsbury & Crumley, 2007; Thornton et al., 2012).
Importantly for the study of institutional complexity, the differentiation of practical and general understandings helps conceptualize how individuals integrate practices from distinct social domains and negotiate their potential conflict where they overlap (Schatzki, 2002). For example, general understandings help people assign practices to their pertinent social domains, such as parenting practices to the family domain and professional ones to work. However, parents might combine domain-specific practices when caring for a sick child on a workday. They might take work calls at home, but most likely not at the dinner table. They decide without a fixed template of when, where and how to combine professional and parenting practices in situations of this type, using their practical understanding of this particular situation, nested within a general understanding of what makes a family meal or work day. Hence, practical understandings enable practitioners to ‘go on’ (Giddens, 1984: 43) by combining different practices dynamically and in an ad hoc way according to the demands of the particular situation. Despite recognition of individuals’ capability to ‘participate in multiple cultural traditions’, and to ‘maintain distinctive and inconsistent action frames’ (DiMaggio, 1997: 268), institutional scholars have not prominently discussed these situational understandings, which practice scholars foreground.

Insights into these flexible, ad hoc combinations further benefit from practice theory’s ‘in the moment’ process ontology (Feldman & Orlikowski, 2011; Langley, Smallman, Tsoukas, & Van de Ven, 2013). This ontology is sensitive to organizations ‘as they happen’ (Schatzki, 2006) and to how their routines and logics are continuously enacted in specific instances of human action (Jarzabkowski, Le, & Feldman, 2012; MacKay & Chia, 2013). Hence, unlike studies that view process as a sequence of events that change a status quo over a period of time (e.g. Klarner & Raisch, 2013), those using a practice lens find that activities are in a continuous and cyclical process of flux within the moment (Langley, 2007; Langley et al., 2013). As Smets and Jarzabkowski (2013) show in their study of lawyers working across legal jurisdictions, a single conversation can comprise multiple, continuous, and recursive adjustments to the relationality of competing logics and thereby enact a change process, albeit ‘in the moment’. Hence, competing
institutional logics are not fixed in some structural order, but are continuously and flexibly instantiated in the momentary processes by which individuals adjust to any given situation.

The practice perspective thus moves us beyond relatively static conceptualizations that reify institutional complexity as a fixed constellation of logics. It provides the conceptual toolkit for developing a more dynamic understanding of how individuals experience institutional complexity and encourages us to look at those processes by which actors flexibly balance competing logics in light of the volatility of institutional demands and the exigencies of a particular situation.

**METHODOLOGY**

**Research Context**

We studied reinsurance underwriting in Lloyd’s of London, one of the UK’s oldest and most prestigious financial institutions. The Lloyd’s reinsurance\(^1\) market comprises reinsurance firms that operate and compete independently against each other yet collectively assume the large risks they reinsure. From its inception in Edward Lloyd’s coffee house some 300 years ago, Lloyd’s has had a distinct communal character, as codified in the 1871 ‘Lloyd’s Act’, which made underwriting the exclusive privilege of Lloyd’s members (Herschaft, 2005; John, 1958). This privilege bounds the Lloyd’s community to this day; business only enters the market through Lloyd’s accredited brokers who deal with underwriters representing Lloyd’s reinsurance firms.

Every day, these brokers and underwriters walk from their offices to the iconic Lloyd’s building in the City of London to trade face-to-face. During trading hours (11:30 - 1:00pm and 2:30pm - 4:30pm) underwriters sit at designated desks called ‘boxes’, as brokers show them different deals they seek to ‘place’. Each underwriter appraises some 400 deals a year, analyzing the broker-provided information on each deal independently to ‘quote’ how much capital, if any, to place on it, and at what price. The broker then collects all quotes and relays them to the client

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\(^1\) Insurance firms buy reinsurance to seek protection from large claims arising from catastrophic events, such as floods or hurricanes which would exhaust an insurance firm’s capital resources.
who selects their preferred one. The selected reinsurer becomes the ‘lead’ on that deal and the selected price is then offered to *all* Lloyd’s reinsurers who must decide what share of the deal to take at that price. Brokers then have to convince ‘following’ Lloyd’s reinsurers to take shares of the deal at the set price until the entire deal is placed. Hence, while underwriters analyze each deal independently to assess its profitability for their particular firm, many different firms then ‘subscribe’ to the leader’s terms and take a share of the same deal at the same price. This tension between Lloyd’s communal operation as a ‘subscription market’ (community logic) and the individual rivalry of its member firms (market logic) is the focus of this paper.

**Ethnographic Fieldwork**

We conducted a year-long ethnographic study of underwriters’ collective work practices (Schatzki, 2002, 2006) across the 2009-10 reinsurance cycle using field observations, interviews, and documentary data. Access was facilitated by a UK research council grant with Lloyd’s as the designated partner. Lloyd’s representatives helped with obtaining clearance for fieldwork and audio recordings of live trading, and with introductions to high-level research participants. Based on those introductions, we negotiated in-depth access to seven reinsurance firms; initially with a view to understanding the role of face-to-face interactions in Lloyd’s that, as our theorizing grew, moved to a focus on unpacking the puzzling relationship between market and community norms.

**Field Observation.** We immersed ourselves in the field to capture the full scope of underwriters’ work practices and interactions ‘in the natural context of occurrence’ (Adler & Adler, 1994: 378). We sat with underwriters in their offices, observed internal meetings, walked with them to Lloyd’s, and watched their negotiations with brokers. As familiarity grew, we were also included in meetings with clients or Lloyd’s representatives, and even in some social events, all sites in which the Lloyd’s community is lived (Van Maanen, 1988, 2010). Such immersion ‘goes hand-in-hand’ with practice-oriented institutional research because ethnography captures the everyday reality of work life as well as the ‘ongoing negotiations […] over the interpretations and understandings of this reality’ (Zilber, 2002: 237). In our notes, we documented the material
context of work, the information shared, and the emotional reactions sparked, such as people
gesticulating, laughing, or raising their voices. We captured most conversations in verbatim
quotes, using audio recorders to routinely record all fieldwork, including meetings and trading
episodes, and even some social occasions. We inserted time-markers in our notes so we could
quickly access specific recordings to supplement quotes when expanding notes at the end of each
day or checking their accuracy during analysis.

Three of the authors spent a total of 180 days in the field, covering all research sites through
a coordinated multi-site, team ethnography (Pratt, 2000; Rouleau, de Rond, & Musca, 2014) in
which each observer bore equal responsibility for capturing everyday life in the Lloyd’s
community (Smets, Burke, Jarzabkowski, & Spee, 2014). Specifically, we arrived at offices each
morning and shadowed whichever underwriter was busy that day, moving between different
underwriters on different days. Often underwriters invited us to shadow them to follow up on
previously observed work, thereby adding temporal coherence to our observations. In quiet
moments, we asked participants to reflect on their work.

We coordinated our individual efforts by ensuring that two observers were concurrently in
the field at any one time. Furthermore, one observer covered all participating firms, as a basis for
consistent observation and interpretation across all sites, while the other two each covered a
discrete sub-set to deepen their immersion in their assigned firms (Jarzabkowski, Bednarek, &
Cabantous, 2014). Additionally, we (a) catalogued field observations so that, over time, we
covered the range of typical practices relatively evenly (Barley, 1990); (b) shared experiences
between observers concurrently in the field over lunch or after work; (c) debriefed formally
during regular team meetings; and (d) continuously shared stories, insights, and learning via team
emails. These 386 emails generated over the course of the study spontaneously shared our in-vivo
impressions, helped establish common foci and labeling protocols, and enabled us to trace our
evolving understanding during data analysis.
Collectively, we generated a total of 350 extensive fieldnotes. The breadth and depth of our access, alongside the aforementioned coordination efforts, revealed three indicators that suggest the practices we observed were characteristic of the Lloyd’s market, not just of any one firm (Jarzabkowski et al., 2014). First, all 26 underwriters we shadowed showed great consistency in their practice, across numerous instances and across all firms in our study. Second, each underwriter interacted with numerous colleagues each day. Hence, even when shadowing one underwriter, we recorded practices from their interactions with about 10 others in the process. Third, underwriters met up to 12 brokers per day, each of whom in turn interacted with multiple underwriters at other boxes where we often saw them, and noted the consistency of their practice. Such dense networks are known to transmit and stabilize shared expectations of collective practice (e.g. Smets et al., 2012).

**Interviews.** In addition to numerous reflective conversations in the field, we conducted 62 formal interviews that were recorded and transcribed verbatim. We predominantly interviewed underwriters, but also brokers and representatives of Lloyd’s for a broader understanding of the Lloyd’s community. Initially, we explored the nature of reinsurance trading at Lloyd’s, inviting participants to reflect on their approaches to analysis and deal profitability, and their immersion in other aspects of the Lloyd’s market, such as its heritage, structures, practices and rituals (Spradley, 1979). Later, interviews became more focused as we used them to follow up on field observations, probe underwriters about their practice, and check our emergent understanding of Lloyd’s reinsurance trading (Lincoln & Guba, 1985).

**Documentary data.** We collected documents from Lloyd’s (e.g. constitutional articles, published guidelines, standards, reports) and from individual firms (e.g. internal memos, emails, meeting minutes, analytic charts, information packs, client newsletters). The former provided rich historical context for the triangulation of firm-level accounts. The latter captured firms’ work practices and governing logics, helping to validate our observational and interview data.
Analytical Approach

We systematized the ‘uncodifiable creative leaps’ of our analysis (Langley, 1999: 691) and ensured its trustworthiness in four steps. First, we maintained a rigorous audit trail for managing these data and our emerging understandings, keeping records of all observations, interviews, documents, and the emails we exchanged as in-vivo memos to each other while in the field. Second, we organized the data in an NVivo database which allowed us to efficiently index, search, code, theorize and recode data as patterns and themes emerged. Third, we employed an ‘insider/outsider’ coding method (Gioia, Corley, & Hamilton, 2013). One author and a research assistant, neither of whom had been in the field, coded data to categories and refined the coding schema. An ‘insider’ author who had collected the data then cross-checked coded data and referred discrepancies for collective discussion at bi-weekly meetings. Through this process we updated the coding schema until we achieved team consistency in our interpretations. Finally, we presented selected results to our research participants to confirm that they accurately reflect the lived experience of Lloyd’s members.

Our analysis relied on a process of abductive theorizing (Mantere & Ketokivi, 2013). In this process, scholars have an initial inductive hunch or insight originating from the empirical data, which is then coded, categorized and progressively worked to a higher level of abstraction (Gioia et al., 2013; Locke, Golden-Biddle, & Feldman, 2008). Our analytic progression was a reflective process of engaging with multiple theories that might address or explain the empirical puzzle and generating new theoretical insights iteratively from the interplay between the increasingly refined coding schema and the literature, which we now explain.

The empirical puzzle that grabbed our attention arose from underwriters performing ‘hard-nosed’ business practices (to be expected of rivals in a financial market), yet also referring to each other by nicknames and mixing socially. This community orientation seemed at odds with their rivalry. In order to gradually move from ‘inductive’ to ‘abductive’ theorizing, we considered our data in tandem with various theories, such as ambidexterity and paradox; not to retrofit data to
theory, but to explore which theory would best explain what we found (Gioia et al., 2013). After some data-theory iteration, we began to explore the coexistence of market and community logics as a theoretical framework to explain how seemingly conflicting activities were shaped by, but also shaped the social order we observed in Lloyd’s.

To probe our hunch, each of the observers wrote a thick description of a ‘day in the life’ of a reinsurance underwriter. Our aim was to display in rich detail the everyday practice, as it might occur for any underwriter acting as both a member of the Lloyd’s community and an employee of a competitive reinsurance firm. We then exchanged our descriptions to check their veracity with our field experiences of the everyday work of an underwriter, refine them, and merge them into a single story that resonated with all of us and reflected the practices in our data. It confirmed our hunch that underwriters balance the often-competing demands of community membership and market competition and that they do so in their everyday work, not only in exceptional decisions. This thick description later provided the basis for relating our first-order findings as an example of a day in the life of an underwriter, comprising 15 representative vignettes of everyday work.

Drawing from the list of micro-practices we generated in our fieldwork, we pursued two concurrent strands of analysis. In one strand, we coded all the mundane micro-practices we observed in underwriters’ daily work, from ‘putting on tie and coat’ to ‘generating loss curves’, ‘calculating financial returns’, ‘helping brokers out’, ‘sharing gossip’, or ‘lunching with peers’. Following Gioia et al. (2013), we then clustered the micro-practices we identified into broader thematic categories, which we label ‘clustered practices’. For example, micro-practices associated with dress were clustered under codes such as ‘dressing “up”’, ‘dressing “down”’, or ‘sanctioning dress’. As the locales where practices were being performed (e.g. office, trading-floor, meeting) seemed empirically pertinent, we layered location codes across all micro-practices. For example, once we realized that all analytic micro-practices (e.g. calculating financial returns, generating loss
curves, modeling) always occurred in the office, we coded this cluster as ‘consigning analytic work to the office’. Likewise, we coded practices associated with walking to and from Lloyd’s, including the specific items carried, as ‘moving between spaces’.

In the other strand, we used a method developed by Thornton and colleagues (2005; 2012) to probe our hunch that observed practices enacted community and market logics. To do so, we cross-coded the above-listed practices against the aforementioned elemental building blocks of institutional logics. For example, practices, such as ‘helping brokers out’ or ‘sharing gossip’ resonated with group membership as the normative basis for individual behavior, and with a belief in trust and reciprocity as the basis of legitimacy, both of which characterize the community logic. Other practices, such as ‘generating loss curves’, ‘calculating financial returns’, and ‘upholding price’ reflected self-interested market behavior (Almandoz, 2012), transactional exchange relationships, and profit maximization as a basis for strategy, which are characteristic of the market logic (Thornton et al., 2012). This step, therefore, confirmed that different practices were not only predominantly performed in specific locales, but also underpinned by different logics of market and community (see Table 1).

[Insert Table 1 about here]

Having identified the coexisting logics of market and community and the practices enacting each of them, we abstracted further by arranging those clustered practices which navigate the relationship between the two logics into second-order themes. Based on prevalent institutional nomenclature (e.g. Ansari et al., 2013; Smets et al., 2012), we take these second-order themes to represent mechanisms for balancing coexisting logics. We noted that some practices separated the stream of work by assigning those practices which enact either logic to different locales. For example, underwriters only performed market-oriented practices (e.g. formal analysis and modeling) in the office, although they had the equipment to do them on the trading floor. Conversely, community-oriented practices (e.g. social talk with brokers at the box) only occurred at Lloyd’s. We, therefore, identified changing dress, moving between different locales (e.g.
‘walking to/from Lloyd’s’), and differentiating respective tasks (e.g. ‘analysis’ vs. ‘social talk’) as a mechanism for underwriters to separate practices governed by different logics in their personal work. Turning to the literature, we conceptualized this mechanism as segmenting logics (Goodrick & Reay, 2011), allowing actors to maintain distinct logics by fluidly assigning their enactment to different locales.

However, the segmenting mechanism only partly explained our observations. They contained many instances of underwriters openly referencing segmented practices and using their outputs in the ‘other’ locale. Underwriters would, for instance, use gossip gleaned in the community to adjust their deal pricing in the office. Thus, the same individuals who segmented logics also imported outputs from one logic into their enactment of the other. They did so fluidly, following their own judgment of the situation, rather than a prescribed template. For example, they adjusted their price in response to market gossip on one deal, but not another. In consultation with the institutional complexity literature, we labeled this mechanism bridging (Purdy & Gray, 2009; Tracey et al., 2011). It allows individuals to bridge coexisting logics by drawing on their nested understandings (Schatzki, 2002, 2006) of how to act under each logic, and how to privilege one or the other at their own discretion in situations that entail elements of both logics.

Yet, our analysis also revealed practices that contravened bridging. They limited the extent to which either logic was imported into the enactment of the other and thereby mitigated the over-privileging of one logic, whatever its salience in the situation, to the neglect of the other. For example, even when pressured by community peers on the trading floor, underwriters would resist community expectations to subscribe to a lead reinsurer’s terms, if those terms deviated too far from their own calculations of price and profitability for that deal. Similarly, underwriters would sometimes push back at in-house colleagues, if they felt they demanded an excessively transactional approach, which might jeopardize important community relationships. We clustered
such practices which countered the tendency to over-privilege one logic over another into a second-order theme that we conceptualized as a mechanism for demarcating (Gieryn, 1983).

Having identified these three mechanisms, we explored their relationship in balancing the demands of coexisting market and community logics. Specifically, as we re-read our fieldnotes through the lens of these analytic concepts we began to theorize the relationship between these mechanisms as processual. That is, looking at how these mechanisms came together in specific instances, we discovered that only segmented practices needed to be bridged, bridging triggered demarcating, and demarcating reaffirmed the importance of segmenting as a way of minimizing conflict and maintaining the clarity of logics. These three mechanisms follow a cyclical process, which is fluidly instantiated, according to the momentary circumstances of any given situation (Langley et al., 2013). We conceptualized this process as dynamically separating and integrating coexisting logics in the moment and sustaining them as conflicting-yet-complementary. These findings provide the basis for our conceptual framework that comprises the discussion and contributions in this paper.

FINDINGS

This section presents our findings, drawing on all data sources. To indicate the origins of data, we (a) label verbatim extracts from our original observation fieldnotes as ‘Obs.’, (b) italicize verbatim quotes which are reproduced as spoken by participants in the field, and (c) additionally label italicized interview quotes as ‘Int.’ to differentiate them from field quotes. We first outline how community and market logics are enacted in Lloyd’s of London (see Table 1). We then present our composite narrative of a ‘day in the life’ of an underwriter, showing how these logics are balanced in practice. In the next section we analyze this narrative through the lens of our theoretical framework to explain the balancing mechanisms at play.

Enacting Community and Market Logics in Lloyd’s of London

The exclusivity of membership as codified in the aforementioned ‘Lloyd’s Act’ engenders a community logic among Lloyd’s members which manifests itself in a shared identity, unity of
purpose, and commitment to the community. Some collective responsibilities are formally imposed by codes of practice, the Association of Lloyd’s members, or The Council of Lloyd’s, and underpin accreditation to transact business within Lloyd’s. Many mutual obligations, however, are unwritten. They reside in members’ shared expectations of proper conduct and are enforced by the anticipated professional and social costs of their violation: ‘If you get a name as somebody who is untrustworthy, you won’t last very long’ (Int.). As such, they inform many aspects of underwriters’ behavior, from their choice of dress, to their socializing habits, to their underwriting decisions. However, within this community, each Lloyd’s member firm operates independently for the purposes of investment, stock market listing, and financial reporting, and is fully accountable to its own shareholders. Underwriters, thus, subscribe to a market logic that commits them to advancing their company’s interests, in terms of superior profits, share price performance and financial market reputation. The coexistence of a market and community logic raises conflicting demands, as underwriters trade risks as both members of the Lloyd’s community and employees of independent profit-seeking corporations.

Under the community logic, Lloyd’s members have a shared identity and legitimize trading behaviors with reference to their reciprocal obligations (Table 1, rows 2-4). For example, members recognize their collective fate and do not necessarily drive for the best price, trusting that other members of the community will reciprocate:

*The only way both sides can get comfortable is to get to know, “Okay, I feel like I’m paying a bit too much, but I’d rather pay a bit too much because […] I think if the shit hits the fan, you’re actually going to behave like a reasonable person”. There’s give and take…. (Int.)*

However, these community values often conflict with actions prescribed by the market logic, as when members are expected to support deals that they do not deem profitable:

*When the price goes down, I want to be able to say “Thanks very much for the memory, I’m out of it”. I don’t want the broker sitting there saying: “But you always told me we were going to be partners!” It’s like, “No we’re not. … sorry, it’s been great doing business with you.”*
Logics also provide the basis for behavioral norms, focusing underwriters’ attention and guiding their strategies (Table 1, rows 5-7). Under the community logic, underwriters follow principles that give them personal standing in Lloyd’s and protect the community reputation. For example, they are proud of their ability to reinsure ‘quirky’ deals that cannot easily be modeled for price or profit. One participant described his underwriting of archaeological finds as ‘sort of a hobby’ (Int.) to us. Such bases for action contrast with those of a market logic, which were geared towards increasing the firm’s profitability and market status:

The true skill of an underwriter is the ability to get the most you possibly can out of every single transaction and to be very clear in your own mind what is an acceptable price for a product and to stick with that. (Int.)

These contradictions are reinforced by the different control mechanisms that enforce both logics (Table 1, row 8). In Lloyd’s, informal controls sanction non-compliance with community norms and promote ‘herd’ behavior based on the visibility of pricing in a subscription market and underwriters’ fear of ridicule from their peers. For example, we saw reinsurers hold back from writing risks that others in the Lloyd’s community did not support, because ‘you’d look like a real tool if you were the only one who wrote it, and then it had a huge loss’. By contrast, under the market logic, underwriters experienced independent, firm-specific performance controls from rating agencies and investors; ‘After we release results next Monday, the analysts will want to know about our exposure in the US. I’m rehearsing a statement on how we’re handling that’. They were thus keenly attuned to the need to act separately from the herd, outperform competitors, elevate their firm’s status, and secure individual rewards. As one underwriter wrote in an email ‘No one bothers if you deliver 30% ROE and take ££££ in bonus. They don’t like you taking ££££ if you make a 5% ROE’.

The two logics, then, perpetuate different, co-existing understandings about cooperative or market-based forms of capitalism (Table 1, row 9). From a cooperative perspective, underwriters collectively benefit from supporting each other and the community, which leads them to privilege their social ties, identity and personal standing as a ‘gentleman trader’ over their ability to maximize profit. By contrast, from a market perspective, underwriters are under pressure to
release ever better quarterly returns and compete vigorously for market share, which could conflict with the community requirement to accord favors, maintain long-standing deals, and participate in community views of pricing, such as following the lead of other Lloyd's members.

**Balancing Community and Market Logics in Everyday Underwriting Practice**

To illustrate the everyday enactment of these logics in practice, this section presents a composite narrative that exemplifies a ‘day in the life’ of Lloyd’s underwriter ‘Tim’ at SafeCo. As explained in the analysis, this composite narrative presents the full breadth and depth of our data within a single evocative story intended to ‘render the actual – and to do so persuasively’ (Van Maanen, 2011: 232). The narrative is based on our thick description of the underwriting practices we identified as stable and pervasive across individuals, firms and time periods during our 180 days in the field. All examples are taken directly from our observational fieldnotes, and all quotes are verbatim from our fieldnotes and audio recordings. We supplement this narrative with a broader range of representative data extracts in Tables 2a-c. Underlined instances are later unpacked in a detailed analysis of the mechanisms for segmenting, bridging and demarcating logics.

Together with the other underwriters and analysts, Tim starts his day with the weekly risk review meeting. Edward, their Chief Underwriting Officer (CUO) hands out a list of last week’s deals and asks each underwriter to briefly explain their decisions. Tim took a small share of Integra’s new European windstorm deal, which Edward introduces as looking ‘about the right amount for a deal that is in the market for the first time’. Tim explains that Integra have just branched out in Germany with this new deal, but he knows the company well: ‘It’s a good company, but there were some losses in that region from Kyrill [a recent windstorm]. … [some other Lloyd’s reinsurers] have been burnt, so best to play it safe until we see how Integra performs there.’ Another underwriter quizzes Nigel,
Tim’s analyst, about how he modeled potential losses on a deal with no track record. Nigel and Tim explain the modeling tools and market loss histories they used to substantiate their decision.

Next is a Mexican catastrophe deal, Chicos, which Sam, one of Tim’s fellow underwriters, has written. He spread his investment on this year’s deal, so that in case of a loss SafeCo would have to pay out from a lower threshold. He explains: ‘We have been on this for a number of years, but we cut back last year [...] because of increased exposure. The broker was keen for us to write a bit more this year.’ Edward probes: ‘Why did you spread the investment? What if we take a hit with all the new exposure?’ Sam explains that the broker told him Chicos had improved their risk management, and ‘it seemed to be paying well; I saw the broker over at Adrian’s box [a rival Lloyd’s reinsurer] so I didn’t want to lose it.’ The other underwriters question how Sam knows the client has improved and Mark raises his voice to insist: ‘We shouldn’t be writing things because Adrian is!’ Edward asks if Sam actually knows what others in Lloyd’s did, but he cannot give a definite answer. ‘The atmosphere seems tense. People look away from Sam or frown. They do not seem happy with his decision’ (Obs.).

They go through the rest of the deals without much comment. As they finish, John, a senior underwriter, says he heard that people could not collect premium from some Florida clients and cautions that ‘there could be a credit risk that we’d want to be careful about.’ Tim agrees; he heard that some Floridian insurers went insolvent and deferred premium payments. Edward warns them all to ‘remember that we are not offering them our balance sheet.’ They discuss whether to write this potentially risky business and decide to rank incoming Florida deals, so they have a plan of which ones to support. After the meeting, Edward asks Sam to stay behind for a private word about the Chicos deal. When Sam returns to his desk he ‘has a red face and looks upset’ (Obs.).

Meanwhile, Tim opens CropPlus on his computer, a European crop deal for hail damage that he is currently analyzing. He notes the price he wants to offer and walks over to Nigel’s desk to discuss the risk exposures and losses: ‘I quite liked the look of this at the box, but now with the modeled figures, you’ve got the exposures looking quite high.’ Nigel explains the calculations and Tim nods: ‘OK.
Not quite as tidy a deal as I thought. I might still write it, but I'm not keen to take as much.' Back at his desk, he adjusts the prices in his rating sheet to reflect his analysis.

At 11.15am, Tim gets ready to go to Lloyd's. He picks a tie from his drawer and puts it on, slips on his coat, which had been hanging over his chair and checks his black shoes. He grimaces and quickly runs a tissue over a scuffmark. Finally, he gathers his files and, adjusting the knot on his tie, heads to the lift with the other underwriters. On the short walk to Lloyd’s, they run into underwriters from other firms. Tim falls in step with Adrian, the rival reinsurer mentioned in the risk review meeting, chatting socially until they part ways to go to their respective boxes.

Tim takes his seat at the box and logs into the office intranet to glance at his analyses of the deals he expects to discuss today. The privacy screen on his monitor ensures that only he or someone right beside him can see the display. After a few minutes, a broker, Robin, joins Tim and makes some friendly conversation about his daughter’s preparations for her school play. Tim mentions his plans to see both his children’s plays this year before Robin asks how far he got with CropPlus. Tim pulls out a print file he prepared in the office: ‘It’s not as nice as I thought. I can only offer you a maximum of 6% on the top layer and 2% on the second layer.’ Robin looks surprised, as he was ‘really expecting a bit more.’ Tim points out that ‘the modeled exposures aren’t good. Look!’ and shows Robin his printout, but not his analysis on screen. Instead, he explains how he calculated the prices. Robin shrugs resignedly: ‘Ok. At least I can explain that’. He hands Tim the contract to stamp and sign his share of CropPlus on behalf of SafeCo. Tim signs with his expensive fountain pen and, spotting another reinsurer’s stamp on the contract, jokes: ‘What are you doing giving them a share?’ Robin announces other deals for next week and leaves with the signed contract.

As Simon, the next broker, arrives, Tim closes the file he prepared in the office. Tim mentioned in an earlier aside that he wants to decline this tornado cover for MidWestern, as it has not earned him any money for four years. Yet, after some lamenting that Simon is struggling
to place it, Tim agrees to help. He writes a small share and, when Simon has left, explains: ‘I know Simon well. He’s helped me with a few deals that I didn’t want to stay on and he always shows me deals I want.’

Next, David arrives, asking: ‘Have you got a quote for me on HouseSure [a UK flood deal] yet?’ Tim admits that he struggled with quoting HouseSure this year. He asks if David has any other quotes and David replies that he has three. Tim then mentions a ballpark of possible quotes, watching David’s reaction, at which David asks directly: ‘What did you come up with?’ Tim tells him, adding: ‘Is it so far out it looks stupid? Perhaps we missed something’ David offers: ‘Look, why don’t you give me a new quote?’, and Tim accepts: ‘Let me have another look at it and I will get back to you tomorrow.’ They exchange small talk about David’s recent trip to the rugby in France before David leaves.

Tim receives two more brokers before 1pm when, like everyone else in Lloyd’s, he leaves for lunch. He locks his computer and picks up the files with his analyses; those are part of his office work and he would not leave them behind. However, he leaves everything else on his desk, including his valuable pen and information packs with ‘confidential’ stamped on the cover. When alerted to his supposed forgetfulness, he is initially surprised, but then explains that he trusts nothing would be touched; ‘we wouldn’t behave like that here’. He meets a peer from another firm and a broker for lunch across the street. They chat about the market situation and mutual friends, especially John, a senior reinsurer who is playing in the Lloyd’s rugby match later that week. They joke that ‘he will never give up until they carry him off’ and note that a junior SafeCo underwriter will be playing and attending the post-game party, too. They joke that ‘he’s not going to be up to much on Friday morning.’ Having worked in Lloyd’s for their entire careers, all three have a long relationship and an intuitive understanding of their social obligations, such as participating in Lloyd’s events.

At 2.30pm Tim returns to the box. Alex, the first broker of the afternoon, approaches with NatCover, a US earthquake and flood deal. Tim greets him with a jovial ‘How are you?’, to which Alex replies: ‘That very much depends on how this conversation goes.’ Tim takes Alex’s rain-covered glasses to polish them. As he returns them, he explains that he has written NatCover for several
years, but now feels he has to decline it, given its poor loss record, increasing exposure, and low price. Alex says ‘hold on’, hands Tim a sheet labeled ‘additional analysis’ and continues: ‘*We’re only about 9.5% off from what you want; I think we’re getting closer.*’ He urges Tim to reconsider, pointing out some favorable changes. Tim replies: ‘*Look, a price isn’t just one thing. It’s a whole bundle of things. You can’t say that because one thing’s come out of that bundle, the price has to come down. It doesn’t work like that!*’

Alex humbly pleads: ‘*Look, let me just tell you what has happened and then you can shoot me down.*’ He lists other firms that have written the deal at this price, including two other leading Lloyd’s reinsurers. Tim looks cynical and laughs: ‘*Nice try!*’, but then insists: ‘*Look, we gave you a quote. That was the price and if it’s not right, then there’s not enough margin in it. It’s not personal. I can’t justify it at that price.*’

Tim sees three more brokers before 4.30pm, when he is done at the box. He gathers his notes on the day’s deals and takes them *back to the office*. There he removes his tie and jacket, rolls up his sleeves, rocks back in his chair and calls Nigel over. Together they go through the
information gathered at the box, discuss how it might affect their modeling, and agree analytic parameters on deals. Tim asks Nigel to alter their analysis of HouseSure, where his quote was out of step with the market, ‘to be sure I’ve got that right before David comes to the box again.’ Tim analyses the day’s deals for another hour before he leaves for home around 19:00. As he bumps into Edward, his CUO, he updates him on news from the trading floor, including brokers predicting a 10% rate reduction on loss-free Florida business. Edward laughs: ‘Typical bullshit. They’re always trying to drive down the prices. We’ll be standing firm by our quotes.’ Tim agrees and mentions that he wrote a small share of MidWestern today for Simon; ‘It hasn’t made any money and we really should come off it. But he’s been very helpful in the past’. Edward agrees; ‘It’s only small and it keeps Simon sweet’.

EXPLAINING BALANCING MECHANISMS IN AN UNDERWRITER’S DAY

Tim’s day is a revealing representation of how underwriters balance competing logics by routinely segmenting, bridging and demarcating the competing demands of community and market in their work (see Tables 2a-c). We now explain each of these mechanisms and the processual relationship between them. The extended analysis in Table 3 supports our explanation by showing how each underlined instance described above comprises a processual association between the three mechanisms that fluctuates according to the specific demands of a situation.

[Insert Table 3 about here]

Segmenting

To deal with the competing demands of community and market, underwriters segment their work practices between different locales where their respective logics and referent audiences are more prevalent (see Tables 2a & 3). For example, in the commercial privacy of his office, Tim works as an analytic, profit-oriented trader. He models exposures and losses, performs calculations, and uses them to evaluate deals. In doing so, he enacts the market logic, surrounded by like-minded peers and protected from interruption or scrutiny by members of the Lloyd’s community. When Tim moves to Lloyd’s, however, he switches to practices that enact the community logic. He receives brokers, collects submissions, and lunches with competitors, who
are also his friends. He displays humor, familiarity, and affection, which make him an insider to gossip and a respected community member, allowing him to exchange favors with brokers and to gain a feel for other deals or other people’s thinking. While the latter may inform his analyses in the office, and prior analytical work may be referenced at the box, underwriters use privacy screens and actively cover their files to ensure analytic work is not visible in the community space of Lloyd’s. Hence, much like parents dress for work, commute to the office, and swap their family logic for a professional one during office hours, underwriters use structural features of work, such as different schedules, spaces, and dress codes to segment competing logics.

**Bridging**

Bridging re-connects segmented practices. It imports aspects of one logic into situations and locales dominated by the other to reap the benefits of working across two logics (see Tables 2b & 3). Specifically, by bringing knowledge gleaned in the community to their commercial decision-making, underwriters leverage their community membership to decide what is best for their firm, its balance sheet and its investors. For example, in the office risk review, the community-based gossip acquired in Lloyd’s sparked a re-assessment of current business with Florida clients. Likewise, later that day, Tim spontaneously informed his CUO of more community news on this issue which, in turn, informed SafeCo’s commercial decision to ‘stand firm’. Contrary to this community-market bridging, Tim also imported market considerations into his community-facing work, for example when he shared his commercial reasoning on CropPlus with the broker, Robin. Doing so softened the impact of Tim’s reduced support and reconciled his market stance with his wish to preserve his relationship with Robin. Likewise, relaxing his profitability targets on MidWestern to help Simon reinforced Tim’s community membership. Bridging, thus, is bi-directional (see arrows in Table 2b) and occurs in the moment, woven into the stream of work at the box or in the office. It generates complementarities between competing logics, as Tim demonstrated when he used his relationship with David to check his analysis of HouseSure. He realized his price was ‘so far out it looks stupid’ and recalibrated it to fall in step with the market. In
doing so, he participated in a deal he considered commercially attractive and preserved his credibility in the community. He performed better as both a profit-oriented risk trader and a valued community member. Bridging generates complementarities between competing logics by skillfully importing pertinent aspects of one logic into the enactment of another, as and when it appears valuable, and in ways that preserve legitimacy with representatives of both logics.

**Demarcating**

Notably, bridging practices which bring logics together occur alongside others which reassert the demands of their respective representatives and reinforce their boundaries, so that underwriters can situationally privilege, but not over-privilege one logic over the other (see Tables 2c & 3). For example, risk reviews are structural features of work that help underwriters demarcate market and community logics. In our narrative, Tim and Sam were interrogated about the rationale for their analysis and capital allocation. While Tim had given appropriate weight to both commercial analyses and community considerations, Sam had - in the eyes of his colleagues - over-privileged community input (e.g. broker assurances, Adrian’s lead) over market demands, as evidenced by his inability to analytically and commercially justify his decision. Importantly, formal demarcating practices such as risk reviews can still entail both formal and social sanctions, as seen in Edward’s private conversation with Sam and his peers’ ostracism. Likewise, peers in Lloyd’s informally discipline inappropriate conduct through ridicule or cynicism (see Table 2c). In order to avoid such sanctions, underwriters self-monitor their individual work. For example, when Tim wanted to decline Alex’s NatCover deal, Alex pressured him to give more weight to norms of relationship, mutual support and reciprocity; in sum, to lean further towards the community logic. But Tim stressed the deal’s low profitability and, insisting that ‘there’s just not enough in the margin for us’, refused to compromise his firm’s profits to the extent required by Alex’s expectations of mutual support. By stressing that he does favors in some situations, but that this was not one of them, Tim reasserted the market basis of his decision. He demarcated the two
logics and audiences he is accountable to, and re-established the need to segment practices in order to avoid conflicts between the demands of each audience.

**Processual relationship**

While we introduced segmenting, bridging, and demarcating mechanisms in isolation, they are linked in a dynamic processual relationship, often within a single instance. We illustrate this process in Table 3, which deconstructs each of the instances in our narrative to show how segmenting, bridging and demarcating flowed ‘in the moment’, according to the exigencies of the situation.

As shown in Table 3, segmenting occurs in all instances because of the need to accommodate referent audiences with opposing interests. Segmenting is enabled by the structural features of Lloyd’s in which underwriters typically enact the market or community logics in separate spaces. However, while some activities (e.g. running models) purely enact one logic, numerous work tasks require market-based as well as community-based inputs, which segmented practices cannot provide. These tasks trigger the situation-specific integration of logics through bridging, as seen in Tim’s signing of CropPlus or his quoting of HouseSure. Skillful bridging releases latent complementarities between segmented practices. For instance, community gossip informed analytic tasks in the office and, vice versa, explanations of analytical work supported relationship work at the box, enhancing underwriter performance against the standards of both market and community logic. Bridging, hence, is bi-directional and performed both in the office and at the box. It is, however, also risky, insofar as underwriters do not aim for an equilibrium between logics in every task. Rather, as shown in Tim’s pragmatic decision to privilege the community logic on the MidWestern deal, but not on other deals such as CropPlus and NatCover, they can sway more to one or the other logic in any given situation. Hence, bridging prompts demarcating as a check that underwriters are clear about the extent to which their decisions are informed by market and community logic, and resist pressures to sway too far towards one logic to the detriment of the other, as was particularly evident in Tim’s refusal to
bow to community pressures to write CropPlus despite its lack of profitability. Finally, demarcating feeds back to segmenting, as the delineation of two logics as competing reasserts the need to separate their respective practices. We therefore argue that competing logics are balanced through fluid iterations of all three balancing mechanisms, segmenting, bridging and demarcating. The specific association between mechanisms is not prescribed but is enacted by the underwriter ‘in the moment’. Throughout an underwriter’s day the relationship between the mechanisms unfolds within and across tasks, with sensitivity to the specific demands of any given situation.

DISCUSSION

Our study sought to understand how individuals who face persistent institutional complexity enact both the conflict and the interdependence of coexisting logics in their everyday work. Below, we theorize the segmenting, bridging, and demarcating mechanisms from our previous section. We integrate them into a conceptual model (see Figure 1) that reflects their processual relationship and explains how individuals can dynamically balance coexisting logics to make them conflicting-yet-complementary. Lastly, drawing on our practice perspective on a long-term hybrid, we argue that over time institutional complexity can itself become institutionalized; that is, a naturalized element of the social context which practitioners routinely, yet skillfully, enact in their daily work. We conclude by outlining the boundary conditions and generalizability of our model.

Balancing Mechanisms: Enacting Co-existing Logics in Practice

Segmenting. We found that individuals segment work practices pertaining to competing logics by assigning them to different locations with different referent audiences. Segmentation is enabled through structural arrangements, such as shifts between different spaces and dress codes. Segmenting protects individuals from the tension, frustration and lost faith that follow when enactments of one logic are observed by representatives of another logic, are assigned ‘very different subjective values’ and are constructed as illegitimate (Kraatz & Block, 2008: 11; Tracey et al., 2011). We thus define as segmenting those practices that use given organizational structures
to allow individuals to enact coexisting logics separately, where and when appropriate, to protect them from scrutiny by, and loss of legitimacy with, referent audiences of competing logics.

Segmenting resonates with compartmentalizing in institutional theory (Dunn & Jones, 2010; Jarzabkowski et al., 2009; Tracey et al., 2011), splitting in the paradox literature (Poole & Van de Ven, 1989; Smith & Lewis, 2011), or structural differentiation in the ambidexterity literature (Simsek, 2009; Smith & Tushman, 2005). While these concepts cement a structural and static separation of logics, segmenting is more individual, situated and dynamic. Rather than the organization assigning practices and competing logics to different units or roles, individuals skillfully and fluidly assign different parts of their own work to different situations within their organizational structures and schedules.

By explaining how individuals maintain this segmentation in practice, we transcend existing understandings of what goes on ‘inside the hybrid organization’ (Pache & Santos, 2013) in two respects. First, individuals have separately been identified to ‘represent’ logics (Pache & Santos, 2010) and to ‘maintain distinctive and inconsistent action frames’ (DiMaggio, 1997: 268). Yet the means by which they represent and selectively enact multiple logics have not previously been explicated. Segmenting shows that it is the skillful mobilization of organizational structure in individual practice - not either one in isolation - that enables individuals to enact competing logics. Second, segmenting highlights the that actors not only have a general understanding of which logics to enact in which type of situation, but also a practical understanding (Schatzki, 2002; 2006) of the distinct exigencies of a particular situation. In short, they not only know how to enact multiple logics, but also where and when. Such situational sensitivity has been lacking in institutional thought, despite recent calls to attend to the situational triggers that shift the salience of different logics and activate alternative behaviors (Thornton et al., 2012). The ability to segment coexisting logics and maintain both as valid, albeit in separate situations, is vitally
important as it helps actors to cope with the dilemma and paralysis that can often accompany situations of institutional complexity (Jay, 2013; Lüscher & Lewis, 2008; Smith & Berg, 1987).

**Bridging.** Actors who segment their work also import understandings gained from enacting one logic into their performance of the other, as situations require. Temporarily combining logics can exploit complementarities, as when community gossip is used to recalibrate commercial decisions, enhancing both market performance and community standing. In doing so, actors dynamically adjust the balance of logics according to their situational judgment of how far to concede to the ‘other’ logic. Metaphorically, they walk along a bridge between two logics that, like banks of a river, are connected yet separate. In any given situation, actors can cross the bridge as far as they deem appropriate, without necessarily aiming for a midpoint between logics in each situation. We thus term this mechanism ‘bridging’ (Greenwood & Suddaby, 2006; Purdy & Gray, 2009) and define it as the situated and judicious combination of practices governed by competing logics in order to reap their complementarities.

This mechanism extends recent work on the possible benefits of institutional complexity in three ways. First, existing concepts associate benefits of hybridity with a ‘reconciliation of frames’ (Ansari et al., 2013: 33) or ‘selective coupling’ (Pache & Santos, 2013). They assume known and stable conflicts which managers address by configuring structures that individually echo different logics, but collectively boost legitimacy (Tracey et al., 2011). Bridging, by contrast, is not episodic and strategic, but dynamic and situated. Individuals use their personal judgment to connect segmented practices and dynamically balance competing logics according to their fluctuating salience in different situations. This allows them to judiciously combine competing logics so that neither is pursued to its extreme, and both ‘temper’, rather than invalidate each other (Greenwood et al., 2010: 530). Such tempering rests on bridging, because it allows actors to actively present practices enacting one logic as facilitating the ends, means, or values of another before representatives of that other logic can construe them as conflicting. Hence, degrees of
conflict or complementarity not only depend on *what* aspects of logics clash (Pache & Santos, 2010, 2013), but also on *how* they are situationally brought together in practice.

Second, bridging gives empirical credence to Kraatz & Block’s (2008: 251) conjecture about ‘mutually facilitative’ relationships between competing logics and explains how they are attained in practice. Bridging generates mutually enriching interdependencies between competing logics, because it allows their constituent practices to inform and positively feed off each other (Ansari et al., 2013; Jay, 2013; Thompson, 1967). Such positive feedback effects, generated in the practice of individuals, complement and go beyond structural approaches to connecting logics, where selectively coupled elements produce discrete, additive legitimacy effects (Goodrick & Reay, 2011; Pache & Santos, 2013), rather than mutually reinforcing ones.

Third, bridging relies neither on one logic being a dominant ‘stem’ with a subsidiary logic grafted on (Purdy & Gray, 2009), nor on logics blending into a new hybrid (Battilana & Dorado, 2010; Tracey et al., 2011). Rather, it maintains coexisting logics as discrete so they can feed off each other. Bridging thus resonates with the ‘both-and’ thinking of paradox scholars and echoes their cautionary note about the detrimental effects of logic blending or slippage which eliminate the creative friction that feeds the innovative capacity of hybrids (e.g. Jay, 2013; Smith, 2014; Smith & Lewis, 2011). The risk of slippage or blending, however, remains high in bridging, as the extent to which it privileges either logic is at the actors’ own discretion, and not externally codified.

**Demarcating.** We found individuals use self-monitoring and organizational peer-monitoring structures to scrutinize their bridging practices and protect themselves against excessively marginalizing one logic and jeopardizing their legitimacy with its representatives. We term this mechanism ‘demarcating’ (Giersyn, 1983) and define it to comprise any activities that protect against inadvertent logic blending or slippage by reasserting both the underpinning logics and referent audiences of bridged work practices. In terms of our metaphor, reasserting a competing
logic acts like an elastic band that stops actors from stepping off the opposite end of the bridge and pulls them back towards its center. While demarcating does not set hard boundaries, alerting actors where bridging may be excessive also defines the ‘space’ in between, where they can use their judgment to balance logics according to fluctuating situational demands.

The mechanism of demarcating has not previously been observed in institutional studies, as they have overwhelmingly focused on the organizational level, where competing logics are represented by different units or factions (e.g. Jarzabkowski et al., 2009; Pache & Santos, 2010; Purdy & Gray, 2009). Here, a perceived over-privileging of one logic sparks conflict between those factions who then re-balance logics according to their relative power and interests (Greenwood & Suddaby, 2006; Reay & Hinings, 2009; Smets et al., 2012). However, where individuals bridge competing logics, they must negotiate the relative salience of competing logics within themselves and, in the absence of a distinct opposition, find an alternative mechanism to counteract the risk of slippage. Our demarcating mechanism is this alternative.

Demarcating works as a negative feedback mechanism that prevents the amplification of deviations towards either one of two logics and thus re-stabilizes their balance (Plowman et al., 2007). It does so by giving artificial voice to an otherwise under-represented audience, anticipating its response and adjusting actors’ behavior so as to avoid expected sanctions. For example, underwriters would self-monitor at the box and deny favors with reference to the expected fallout in subsequent risk reviews. Others were warned by their CUO not to over-privilege community cues and to give more weight to the market logic in future.

Whether actors adjust their behavior instantly or later in the future, the anticipation of consequence advances existing discussions about how to account for action when success under one logic constitutes failure under another. Specifically, we extend Jay’s (2013) argument by showing that actors evaluate their actions not only retrospectively, but also prospectively. Actors can recalibrate their actions by considering under which logic their outcome will be cast as a success,
and whether the magnitude of that success justifies the expected loss of legitimacy with representatives of the competing logic. This forward-looking re-balancing of competing logics is central to demarcating and its purpose of preventing logic drift.

**Balancing Conflicting-yet-Complementary Logics in Practice: An Integrated Model**

We now connect individual mechanisms of segmenting, bridging and demarcating within an integrated model, illustrated in Figure 1. As explained above, each mechanism makes a distinct contribution towards balancing coexisting logics, but, as Figure 1 shows, only all three working in concert balance coexisting logics in a constructive tension that we label *conflicting-yet-complementary*.

We argue that all three mechanisms have a cyclical association in balancing logics and that, as explained above, segmenting forms the logical initiation of the cycle. As illustrated by the divergent arrows in Figure 1, it separates coexisting logics by segmenting the practices that enact them. It minimizes conflict, but does not achieve any integration, let alone complementarity between coexisting logics. This integration, illustrated by the convergent arrows in Figure 1, is achieved through bridging, the second mechanism in the model. As an integrative mechanism, bridging counter-balances the differentiating effects of segmentation. Jointly, they sustain different logics as separate yet connected, creating the constructive friction that underpins the complementarities which we theorize below (Jay, 2013). Bridged logics positively feed off each other, as practices pertaining to different logics generate mutual benefits when performed in each other’s presence. To sustainably balance coexisting logics and leverage their complementarity, however, the risk of logic drift or blending that is inherent to bridging must be counter-balanced. Demarcating thus complements the cycle by teasing apart coexisting logics (see divergent arrows in Figure 1) that have been brought together in bridging; the need for demarcating only arises where segmented logics are bridged. This combination of integrating (bridging) and differentiating (demarcating) mechanisms echoes Purdy and Gray (2009: 369), whose study of dispute resolution offices showed that ‘straddling’ conflicting logics requires a counter-active
mechanism, which they identify as decoupling. As shown, however, demarcating is not aimed at
dcoupling competing logics. Rather, it asserts their distinctiveness, highlights their respective
influence on decisions, and prevents their excessive muddling. Importantly, demarcating
completes the cyclical association between mechanisms. As illustrated in Figure 1, it feeds back
into segmenting by reinforcing practitioners’ appreciation of contradictions between logics, and
the necessity to segment them in order to reduce avoidable conflict.

We contend therefore that existing arguments of hybrids being sustained by the removal of
tension are incomplete (e.g. Battilana & Dorado, 2010; Dunn & Jones, 2010). Rather, sustainable
hybrids and the benefits of their hybridity rely on a system of mechanisms in which individuals
continuously enact both the conflict and the interdependence of coexisting logics. Actors
iteratively separate and integrate them in cycles of segmenting, bridging, and demarcating. This
system not only balances competing logics, but also their tendency to blend or disconnect.
Actors’ mindfulness of the need for integration during segmentation and their sensitivity to the
potential for conflict in moments of integration balances competing logics in a dynamic tension
that is conflicting-yet-complementary. By transcending the predominant, binary focus on logics as
compatible or conflicting (Goodrick & Reay, 2011; Greenwood et al., 2011), our model, and the
conflicting-yet-complementary tensions it sustains, make three significant contributions to
existing explanations of how competing logics simultaneously govern work.

First, we develop the concept of complementarity and show how it is achieved, providing
important insights into the much-neglected mutual dependence of coexisting logics (Friedland &
Alford, 1991) and its potential benefits. Drawing on Thompson (1967), we define
complementarity as the positive corollary of reciprocal interdependence between practices
governed by competing logics, as released in their dynamic integration during bridging. By
considering a stronger form of interdependence (reciprocal) and a closer form of integration
(bridging) than existing studies have done, we show how organizations can generate hybridity
benefits that exceed the discrete, additive contributions of added legitimacy or additional resource access which are currently noted (Pache & Santos, 2013; Purdy & Gray, 2009). In short, when skillfully bridged, competing logics are complementary insofar as practices performed under one logic enhance the value of practices performed under another, and vice versa.

Despite complementarity, degrees of conflict remain. In contrast to existing works that portray logics to clearly ‘break’ along the lines of more or less reconcilable ‘elements’ (Pache & Santos, 2013; Tracey et al., 2011), ‘dimensions’ (Sauermann & Stephan, 2013), means, or goals (Pache & Santos, 2010), we did not find such clear lines in our study. Instead, true to our practice perspective, we found degrees of conflict and complementarity to reside in the practices that bring the logics together, not in the logics themselves. Competing logics are to some extent conflicting yet to some extent complementary, not because they comprise both conflicting and complementary elements, but because their conflicting elements temper each other and allow complementarities to be reaped. This ability to sustain mutual tempering through a process of segmenting, bridging, and demarcating underpins Kraatz and Block’s (2008: 19) conjecture that organizations which successfully balance competing logics ‘emerge as institutions in their own right’. We argue that Lloyd’s of London has done exactly that. Yet, despite the singular status of Lloyds, these nuances have arguably been observed empirically elsewhere. For example, in Saxenian’s (1990: 103) Silicon Valley study, buyers and suppliers promised ‘not to abandon each other during downturns or exploit advantages during upturns’, but did not forfeit commercial goals altogether. As explained further in the boundary conditions below, in terms of our model, these people made a situational judgment to temper their focus on short-term financial profit with a community orientation to ensure ‘suppliers survive hard times’ for mutual benefit.

Second, our model complements and extends existing studies that illustrate episodic, managerial and structural approaches to coexisting logics (e.g. Battilana & Dorado, 2010; Purdy & Gray, 2009; Tracey et al., 2011). Here, firms selectively couple specific elements of different
logics in response to a well-understood and stable complexity (e.g. Pache & Santos, 2013). By contrast, our continuous, fluid and dynamic system of balancing mechanisms shows how individuals enact and work around the structural features of organizational responses to coexisting logics in their everyday practice. It is this fluid dynamism that supports the complementarity of logics and reaps the benefits of hybridity explained above. In particular, we show that coexisting logics are not necessarily of equal salience in all situations and that individuals can segment them, discriminate when to bridge them, and demarcate the extent to which they privilege either one in the moment (Leavitt et al., 2012). We thus explain how individuals can accommodate fluctuating institutional demands and enact coexisting logics ‘according to their applicability and relevance in a specific situation’ (Thornton et al., 2012: 84, emphasis added).

Our model, thus, provides critical insights into situations where work demands are variable, the salience of competing logics is volatile, and the ability to (re)balance logics ad hoc is crucial; in short, into situations where a stable structural approach to balancing logics would be inadequate. For example, in neonatal intensive care, the relative salience of logics of medicine, family and law (Heimer, 1999) varies with the severity of the condition, the interventions required, and the people present. The balance of logics has to be negotiated ad hoc, on a case-by-case basis, and remains ‘precarious’ (Kraatz & Block, 2008: 19), because a balance struck in any one moment can instantly be revised in the next. Hence, we also extend Jay’s (2013) notion of oscillation by showing how individuals can rapidly and continuously oscillate between logics. They balance them over the course of multiple interactions, rather than in any single instance, because situations that demand the activation of an alternative logic are ever present.

Third, by illustrating the distinct function of all three mechanisms and organizing them into a system of interrelated mechanisms, we theoretically extend studies that show how specific mechanisms work in isolation (e.g. Pache & Santos, 2013) or in combination (e.g. Ansari et al., 2013; Smets et al., 2012). Drawing on previous literature, we can speculate on three alternative
outcomes of an incomplete operation of our model. First, isolated segmentation is likely to exacerbate conflict where tasks continually require active collaboration between representatives of different logics, as is typical of hybrids. It does so because a lack of exposure to, and understanding of, the practices of the other party may lead to polarization between camps (Jarzabkowski et al., 2009; Tracey et al., 2011). Second, bridging on its own carries the risk of excessively privileging one logic over another, or downplaying their tensions. Organizations that primarily rely on bridging to manage institutional complexity are likely to inadvertently slip towards a synthesis of logics; this may eliminate their creative friction (Battilana & Dorado, 2010; Jay, 2013) or lead to the neglect of specific duties, as evidenced by recent corporate scandals (Covaleski et al., 2003; Grey, 2003). Alternatively, as in Tracey and colleagues’ (2011) case, unrestrained bridging may overlook latent tensions which eventually lead to conflict between stakeholders and the organization’s demise. Hence, our demarcating mechanism, which has not been documented in institutional theory before, provides the third necessary element in a system of mechanisms that, in concert, enable requisite contradictions between logics to persist, even as they generate complementarities. In isolation or as a pair, segmenting and bridging produce the unintended negative consequences of polarization, logic blending or slippage, and collapsed hybrids. Demarcating completes the dynamic relationship necessary for balancing logics.

**Institutionalized Complexity: Balancing Coexisting Logics as Everyday Practice**

Building on our theoretical model and practice approach, we propose that, contrary to common perception, the management of institutional complexity may settle into routine patterns of everyday practice. Intriguingly, we did not regularly encounter the tension or conflict that are taken to characterize ‘uneasy truces’ (Reay & Hinings, 2005: 364) between coexisting logics in Lloyd’s, a persistent hybrid with a 300-year history. Rather, while mindful of conflicting demands on their work, actors had a practical understanding (Schatzki, 2002; 2006) of how to work across competing logics. Therefore, we argue that work within the complexity of multiple institutions can itself become institutionalized in the mundane, everyday practice of individuals. Despite
recent recognition that institutional complexity is a persistent and normal state for many organizations (Kraatz & Block, 2008), such *institutionalized complexity* has not previously been considered. This oversight is most likely due to the predominant focus on newly formed hybrids or innovative combinations of logics (Battilana & Dorado, 2010; Jay, 2013; Purdy & Gray, 2009; Tracey et al., 2011) - situations riddled with factional battles over an emergent institutional order.

However, as our case shows, when complexity forms part of a persistent institutional order, it is not experienced as problematic. Our study thus extends the emerging body of practice-oriented work which has focused on purposeful responses to ‘novel institutional complexity’ (Smets et al., 2012: 892, emphasis added). Persistent institutional complexities, by contrast, may be addressed through more practical responses. Just as, over time, new organizational forms settle (Rao & Kenney, 2008) and mature fields consolidate (Hoffman, 1999), practical responses to institutional complexities that form a well-rehearsed part of everyday work may become unremarkable, nested within actors’ practical and general understandings of how to accomplish work within their particular hybrid context (Schatzki, 2002; 2006). Hence, in contrast to those settlements that structurally enshrine a specific balance of conflicting institutional demands (e.g. Pache & Santos, 2013; Rao & Kenney, 2008), institutionalizing complexity in practice is more a continuous and effortful accomplishment (Giddens, 1984). As our model shows, practical responses do not simplify or resolve institutional complexity; rather, they maintain competing logics in a constructive tension. Therefore, we argue that it is the complexity itself, and the ways of balancing its constituent logics, which are institutionalized.

Importantly, and in contrast to the existing focus in the literature, it need not be ‘leaders who are able to understand […] requirements of constituencies of multiple logics’ (Greenwood et al., 2011: 356, emphasis added). Rather, it may be ordinary people doing ordinary work who perform institutionalized complexity at the ‘coalface’ (Barley, 2008). Although DiMaggio (1997) has noted actors’ ability to perform inconsistent action frames, the current institutional complexity literature
seems to consider this ability a prerogative of senior managers. Given that many professional occupations require skilled individuals across the organizational hierarchy to continuously work across different logics (e.g. Battilana & Dorado, 2010; Heimer, 1999; Smets et al., 2012), our insights into how they enact and balance these logics in their daily work are timely and pertinent.

**Boundary Conditions and Generalizability**

Our findings are derived from studying the coexistence of community and market logics in a specific, persistent hybrid, Lloyd’s of London, but we expect our model to be valid for other settings and logics. Below we outline institutional and organizational boundary conditions that may moderate the degree of perceived conflict between coexisting logics, the salience or enactment of specific mechanisms in practice, and the theoretical generalizability of our insights.

**Institutional boundary conditions.** We argue that at the institutional level the *nature of work* – the focal issue around which a practice congeals – and the *nature of institutional demands* matter for how institutional complexity is experienced and addressed. First, logics are not inherently conflicting or complementary, but are constructed as such in light of the *nature of work* that brings them together. In our case, logics of community and market are naturally less conflicting, because the inherent uncertainty of the risks traded and the nature of the subscription market both favor the use of collective community wisdom in establishing prices. By contrast, the same two logics are likely to be more conflicting in microfinance, for example, as the nature of work puts the lower yields and less immediate profits from impact oriented activities in more direct opposition to the short-term profit-orientation of banking operations (Almandoz, 2012; Battilana & Dorado, 2010). This dynamic is not exclusive to market and community logics. For example, academics in the life sciences perceive industrial and academic logics of science as complementary, whereas those in physical science see them as conflicting, because biomedical companies are more attuned to commercializing basic science (Sauermann & Stephan, 2013). This confirms how the nature of work moderates the construction of conflict and complementarity in a variety of contexts (Besharov & Smith, 2013).
The nature of work also affects the continuity of balancing. The large number of deals and the repetitiveness with which specific trading partners interact in Lloyd’s enables them to balance competing logics in the stream of their transactions. As the relative balance of logics struck in one decision can fluidly be adjusted in the next, any single instance is relatively inconsequential for the overall balance of logics and actors may not be motivated to contest each decision they disagree with. This ability to continuously recalibrate the balance of logics across a large number of decisions, we suggest, explains the low levels of conflict we found in contrast to studies of far-reaching single decisions (e.g. Jay, 2013; Pache & Santos, 2013). There, stakes are much higher and, as a result organizational conflicts are more intense. Yet, the muted conflict we found is not idiosyncratic. Rather, pragmatism and the avoidance of polarization are characteristic of long-term professional collaborations (e.g. Smets et al., 2012).

Second, the ways in which institutional demands are articulated and enforced moderates the experience of their complexity. As Pache and Santos (2010; see also Greenwood et al., 2011) have argued, the more clearly codified and centrally enforced the institutional demands, the more pronounced the experience of conflict and the more difficult its resolution. As firms in Lloyd’s monitor their market performance individually (and many community norms are, quite literally, a ‘gentlemen’s agreement’), the institutional demands underwriters face are relatively diffuse and not centrally enforced. Violations are not clearly measurable, nor centrally prosecuted, and may be repaired in future interactions, as explained above. These institutional conditions, we argue, further reduce conflict and facilitate the balancing of competing logics, contrasting other contexts in which the codification of institutional demands in laws, regulations, and quantifiable measures of compliance has complicated their reconciliation (e.g. Pache & Santos, 2013).

Given these institutional boundary conditions, we expect our model to work particularly well where the nature of work makes logics inherently less conflictual, and institutional demands are less rigidly enforced. Yet, we encourage future research to further examine how the nature of
Work and of institutional demands affect the experience of institutional complexity, and the type, order, and salience of the mechanisms in our model.

**Organizational boundary conditions.** At the organizational level, the *relative situational presence* afforded to different audiences in different organizational spaces, and the *level of autonomy* assigned to each actor, condition the operation of our model. First, the *relative situational presence* of different referent audiences influences the salience and interaction of our mechanisms. Existing arguments suggest that the relative internal representation of logics, especially in the founding stages of organizational hybrids, perpetually shapes their balance of competing logics (Pache & Santos, 2010, 2013; Purdy & Gray, 2009). We, however, contend that competing logics are enacted according to the relative presence of their respective representatives *in a given situation*. The directions of bridging and demarcating then vary accordingly, based on the relative salience different logics are given by their situational representation. For instance, in the presence of peers on the trading floor, underwriters experienced the community logic as dominant, requiring them to artificially import the market logic through bridging or to assert it more actively against community pressures during demarcating. In the office, in the absence of community peers and surrounded by market-oriented colleagues, they performed the same balancing mechanisms in the opposite direction. Hence, the salience of competing logics not only fluctuates with the demands of the situation, but also with the relative situational presence of their representatives. Beyond our study, with its back and forth between office and trading floor, this is evocatively illustrated by combat surgeons (Leavitt et al., 2012) for whom the logic of care has very different salience in the operating room and on the battlefield. In contexts where that relative situational presence shifts across spaces or tasks, we expect bridging to be bi-directional; that is, to switch direction according to the relative salience of competing logics. And we expect demarcating to be particularly critical to ensure that less overtly ‘present’ logics are not neglected.
Second, we studied highly skilled professionals who enjoyed a considerable level of autonomy in their organization. They are required to use personal judgment and discretion in each of their decisions and therefore are less likely to be bound by formulaic approaches to competing logics, and less subject to consistent scrutiny. These conditions support more experimental and inconsistent engagement with competing logics (e.g. Heimer, 1999; Smets et al., 2012), which means the balance of logics struck in different organizations, units, or people may vary and make continuous and dynamic adjustments more likely. Such autonomy, we argue, requires more stringent demarcating mechanisms to prevent the slipping or muddling of logics, and to avoid some of the scandals that autonomous professionals have caused by letting some of their duties ‘slip’ (Covaleski et al., 2003; Grey, 2003). We therefore argue that our model is particularly apt for organizations that employ highly autonomous individuals who have to balance competing logics in an ad hoc way due to unpredictable work demands or volatile institutional contexts.

These boundary conditions emphasize the generalizability of our model to contexts that display institutional and organizational features similar to ours, including the innate potential for complementarity between competing logics within the nature of work, flexible rather than rigidly enforced institutional demands, variation in the relative presence and salience of different logics across situations, and a relatively autonomous professional workforce. We contend that many of the organizations identified as institutionally complex, such as hospitals, universities, public-service organizations, or professional service firms, fit this description. Furthermore, the type of close-knit professional community that characterizes Lloyd’s has also been observed among Boston fund managers (Lounsbury, 2007) and Silicon Valley IT engineers (Saxenian, 1990). We surmise that our findings, although derived from a particular setting, speak to issues encountered in a broad range of settings involving coexisting logics, as we indicate throughout our discussion. At the same time, we identify those contrasting contexts where our model may be less applicable, thus providing grounds for future research.
CONCLUSION

Drawing on a year-long ethnographic study of reinsurance trading in Lloyd’s of London, we develop a theoretical model that extends existing episodic and relatively static organizational responses to institutional complexity. Our model explains how individual practitioners on the frontline can balance competing logics in a state of dynamic tension, reap complementarities from their interplay, and institutionalize complexity as a natural part of their everyday work.

Notably, our model also speaks to a growing body of literature in management and organization theory that seeks to address puzzles about conflicting-yet-complementary demands upon actors and organizations. For example, ambidexterity scholars examine tensions between exploration and exploitation as two conflicting strategies that complement each other in producing organizational success. Many suggest structural solutions of ‘bridging’ compartmentalized exploration and exploitation at senior management level (e.g. Siggelkow, 2003; Smith & Tushman, 2005) or developing blended hybrids with a single ambidextrous culture (e.g. Birkinshaw & Gibson, 2004). Such organization-level, structural solutions are prone to the same shortcomings we exposed from our institutional perspective on structural and blended hybrids. Our model thus opens new avenues for ambidexterity research to take a more dynamic and actor-centered approach and to explore how organizational structures are used in practice and filled with life by those who inhabit them, from the executive suite to the shopfloor ‘coalface’ (Jarzabkowski et al., 2013b). Understanding how ambidexterity is done by people, rather than built into an organization (Birkinshaw & Gibson, 2004) may help organizations to develop more dynamic approaches to balancing exploration and exploitation and to leverage previously untapped potentials for ambidexterity among staff throughout the organizational hierarchy.

Similarly the paradox literature acknowledges the dilemma of persistent tensions and calls for studies into the dynamic equilibrium through which paradoxical elements are balanced (Lüscher & Lewis, 2008; Smith & Lewis, 2011). Our theoretical model provides conceptual resources for better understanding how such dynamism is achieved in the everyday work of individuals, as they
make strategic decisions (Smith, 2014) and respond to competing demands at multiple levels, from individual roles and identities to organizational structures (Jarzabkowski et al., 2013a). Furthermore, we suggest that such equilibrium is not a relatively equal and static balance between opposing elements. Rather, as in our model, it involves dynamic and continuous fluctuations towards either element, as well as a counteracting pull towards the center which jointly accomplish balance as an ongoing process.

Our model thus provides an important complement to existing studies of the tensions and competing demands actors face in different organizational and institutional contexts. Our practice lens, focusing on individuals and their actions and interactions, provides opportunities for scholars to scale up and down their levels of analysis to better understand how contradictory forces at organizational and institutional levels can be navigated to mitigate tensions and reap the benefits of co-existence.
REFERENCES


## TABLE 1
Representative indicators of the community and market logics in Lloyd’s

<table>
<thead>
<tr>
<th>Source of Legitimacy</th>
<th>Community Logic</th>
<th>Market Logic</th>
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<tbody>
<tr>
<td><strong>Root Metaphor</strong></td>
<td>Common Boundary</td>
<td></td>
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<tr>
<td><strong>Sources of Legitimacy</strong></td>
<td>Unity of will: Belief in trust &amp; reciprocity</td>
<td><strong>Transaction</strong></td>
</tr>
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<td></td>
<td>• 'If one firm fails, we all have to pick up the pieces' (Int.)</td>
<td>• 'You can end up increasing your turnover, increasing your capital, but the key to the reinsurance business is whether it's improving the share price.' (Int.)</td>
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<td></td>
<td>• People habitually leave valuable items on their desks on the trading floor during lunch breaks and overnight. There is a tacit, honor-bound, understanding that no-one would interfere with anything on someone else’s desk. (Obs.)</td>
<td>• 'I would endorse anything that improved profitability within that fiscal risk appetite, but we mustn’t go outside that because at that point I’m jeopardizing the company and potentially its share price; I mustn’t do that.' (Int.)</td>
</tr>
<tr>
<td><strong>Sources of Authority</strong></td>
<td>Commitment to community values &amp; ideology</td>
<td><strong>Shareholder activism</strong></td>
</tr>
<tr>
<td></td>
<td>• Lloyd’s underwriters are proud of their professional ability to go beyond modeling in judging risks; 'They [models] are a tool and, you know, Lloyd’s underwriters use that data and interpret it and come to their own conclusions. We don’t simply see what the model spits out and then use that as the number.' (Int.)</td>
<td>• 'The principle of writing any reinsurance business is the gearing for shareholders. You should write it if the price is good for the risk, you shouldn’t write it if it isn’t and that should be the overriding factor.' (Int.)</td>
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<td></td>
<td>• Lead underwriters have responsibilities to uphold the standards of the community in pricing deals; ‘because if he supports it, it puts an awful lot of pressure on the other guys.’ Hence people often enquire which underwriter is leading a deal, as ‘We are all in the same boat, but do I like the captain?’ (Int.)</td>
<td>• 'You have to think how much money have shareholders made from the beginning? So on average it’s bad, you know, it’s made [X] points of profit. If I think about the capital utilization, that’s OK, it’s a sort of [X%] return on equity, again that’s okay by me, I’m pretty pleased about that.' (Int.)</td>
</tr>
<tr>
<td><strong>Sources of Identity</strong></td>
<td>Emotional connection. Ego satisfaction &amp; reputation</td>
<td><strong>Faceless</strong></td>
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<td></td>
<td>• Points at stuffed frog toy and says; 'I’ve been Kermit the frog since my first year. Maybe it’s because I turned green from drinking, or because I was so green [laughs]. But you know ... everyone knows me and my share is important; I’m the leader on this deal in Lloyd’s.' (Obs.)</td>
<td>• The Chief Underwriting Officer says to his team ‘This is a high value, high profit area. Don’t worry about damaging something that is lower value and lower profit. Just bump it and do this instead!’ (Obs.)</td>
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<td></td>
<td>• Senior underwriters have symbolic artifacts that signal their position and standing in the Lloyd’s community, such as expensive branded fountain pens, to signify their credibility in underwriting deals. (Obs.)</td>
<td>• During a risk review, a senior manager emphasizes his firm’s response to the current market conditions: 'The challenge is to manage the balance sheet right; to fully utilize the balance sheet.' (Obs.)</td>
</tr>
</tbody>
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2 Data extracts in all tables marked Int. (for interview), Obs. (for fieldnotes) and Doc (for document). Categories derived from Thornton (2002; 2004), Thornton et al. (2012).
<table>
<thead>
<tr>
<th>Basis of Norms</th>
<th>Group membership</th>
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<td></td>
<td>● Norms of community attire, including being clean-shaven, wearing a tie and jacket, and dressing in black, grey or dark blue. People who flout the dress code are derided; ‘some of these people hardly ever come to London.’ (Obs.)</td>
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<td></td>
<td>● Members are normatively bound to conform to the community: ‘There’s a pride thing. Nobody wants to be the underwriter who, you know, you write it and then the rest of the market just doesn’t support it.’ (Obs.)</td>
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<table>
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<tr>
<th>Basis of Attention</th>
<th>Personal investment in group</th>
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<tbody>
<tr>
<td></td>
<td>● ‘Underwriters wanting to prolong their relationships with the broker for eternity who, after all, they spend quite a long time with so you get to know them quite well. There becomes this sort of bond and personal, almost friendship…There’s an element of protectionism in there of one’s mates.’ (Int.)</td>
</tr>
<tr>
<td></td>
<td>● There were exchanges of gifts: ‘My wife asked me to drop-off this present for your wife,’ social outings: ‘We’ll see you and the missus at Ascot this weekend then,’ and holidays: ‘You ski and you get closer to your biggest broker house.’ (Obs.)</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Basis of strategy</th>
<th>Increase status &amp; honor of members &amp; practices</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>● ‘We don’t want free riders on 300 years plus of Lloyd’s reputation’ (Int.)</td>
</tr>
<tr>
<td></td>
<td>● ‘The Lloyd’s brokers tend to be better skilled at broking. There’s a difference in view between short-term and long-term. A Lloyd’s broker will think I’ve not only got to place this deal this year, but for the next ten years.’ (Int.)</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Informal Control Mechanisms</th>
<th>Visibility of actions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>● ‘I don’t really want to be the first out there [providing a quote] because it could be that I’m so far out of kilter to the rest of the market.’ (Obs.)</td>
</tr>
<tr>
<td></td>
<td>● ‘I want to see everyone else’s share. Because you can see who is writing what, who is doing what. You know, when you see a queue [at another underwriter’s box] it could be that be is cheap. On the signed deal you get an overall view of the market, you can see what is going on, who was the actual underwriter writing the deal.’ (Obs.)</td>
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</table>

<table>
<thead>
<tr>
<th>Economic system</th>
<th>Cooperative capitalism</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>● ‘Lloyd’s [firms] benefit from Lloyd’s central resources, including the Lloyd’s brand, its network of global licenses and the Central Fund.’ (Doc.)</td>
</tr>
<tr>
<td></td>
<td>● ‘There’s a sort of an underlying acceptance that you’re not dealing for one year, you’re doing it over a long time span. We’ve had clients which have been with us for decades and that you take the sort of rough with the smooth to a degree.’ (Int.)</td>
</tr>
</tbody>
</table>

**TABLE 1: Continued**

<table>
<thead>
<tr>
<th>Self-interest</th>
<th>‘Everyone wants to be paid well relative to others. I try to make sure that we pay well on absolute performance. Bonus is tied to performance.’ (Int.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>‘In terms of incentivization, everyone here got a private spreadsheet where they work out what they think their own bonus should be based on profit of this, that or the other.’ (Int.)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Status in market</th>
<th>‘That’s the other point of this business. If you’re being marginalized on writing the most profitable deals, you’re not a big market player.’ (Int.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>‘I compare with our competitors in the market. You could argue that some have written a lot more in Europe but the rates weren’t right, so they were wrong to write it.’ (Int.)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase efficiency/ profit</th>
<th>‘I’m risk-constrained and within that constraint the job is to maximize the profit we make. And if that maximizes my profit, then of course, I’m in favor of that.’ (Int.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>‘As Jonathan (an underwriter) works through his business plan for the coming renewal he says, ’I will place those bets for the highest return at the highest level at whatever point in the cycle that we’re in.’ (Obs.)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industry analysts</th>
<th>‘The difficulty with diversifying is we need to think about the rating we need as a group…If we have to go to A-A, well that could destroy capital efficiency. The capital we would have to have for that is not worth it.’ (Int.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>‘If we just did one class of business, our multiple of the book wouldn’t be as strong. So there’s definitely value in having this diversified book. The ratings agencies like it.’ (Int.)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market capitalism</th>
<th>‘What we’re doing is keeping our place in the market and making money. In this difficult market, we need to protect our market share.’ (Int.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>‘It’s all about what restrictions are put on our capital by different regulators; how well we can maximize the use of our capital.’ (Int.)</td>
</tr>
</tbody>
</table>
### TABLE 2
Representative data of mechanisms, practices and their implications for logics

**Table 2a: Segmenting**
UW’s partition work practices and their underlying logics by assigning them to different situations and locales

<table>
<thead>
<tr>
<th>Micro-practices</th>
<th>Clustered Practices</th>
<th>Representative data coded to clustered practice</th>
<th>Mechanisms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working with analysts; Modeling; Doing ratings sheets; Generating loss curves; Doing deal comparisons; Developing quotes; Deciding on amount of capital to place on a deal; Checking terms &amp; conditions</td>
<td>Analyzing deals at the office</td>
<td>• Regarding the deal on CalCo, Patrick (UW) says, ‘I prefer to do my analytical work in the office. I do some things down here [Lloyd’s] with a broker, but if it requires a bit of thought I prefer to do it without any interruption and formulate more of an opinion before I come here.’ (Obs.)&lt;br&gt;• Shannon (UW) describes how: ‘If a broker came in this afternoon with a new submission, he’d work on that back at the office. Do the modeling and the analysis.’ (Obs.)&lt;br&gt;• They play around with the modeling and trial different figures in the rating sheet to see what they can do with it. They’re getting ready to go to the box where [UW] will be dealing with this piece of business, and so they just want to know exactly how they feel about it before they go. (Obs.)</td>
<td>Micro-practices associated with analyzing deals are underpinned by a market logic (ML). These practices are nearly always done in the office, even though UWs have the capacity to do this analytic work at their computers on the trading floor.</td>
</tr>
<tr>
<td>Developing return on investment per deal; Formal scoring and ranking of written deals by risk officer; Informal peer discussion of deals; ‘4-eyes’ checking of deals with peers; Recording client rankings</td>
<td>Evaluating quality of deals at the office</td>
<td>• ‘We have a risk scoring system that works from 1 to 5, where 1 is, you know, absolutely the type of risk that you want to write or put your maximum capacity on…down to 5, which is probably not something that you would really be writing very often. I mean obviously we would try and write things that are 3 and better most of the time, it’s all going to depend partly on again, the territory and the line of business that you’re writing and the stage that it is in the market cycle.’ (Int.)&lt;br&gt;• Nigel (UW) asks Chris (UW) a few questions about a risk he is looking at. They talk about it over the desk, then Chris comes around and looks at the screens with Nigel. They talk about the business and seem to think it looks tempting. They talk about the rate on line, the loss ratio and the premium. Overall, it took about 14 minutes to evaluate this deal. When he gets back, Chris tells me that this type of interaction, where they discuss risks together, is very typical of the way they evaluate deals (Obs.)</td>
<td>Micro-practices associated with evaluating and ranking deals are underpinned by a market logic (ML) and are only carried out in the office, either individually or with colleagues.</td>
</tr>
<tr>
<td>Deciding risk appetite across different classes of business; Modelling optimum diversification; Allocating capital according to risk appetite and diversification models; Re-evaluating portfolio and capital allocation as season unfolds</td>
<td>Strategic portfolio planning at office</td>
<td>• John says, sitting at the box gives you ‘account by account view’. By contrast, doing realistic disaster scenarios back in the office gives you the portfolio view which matters for the firm. The portfolio view is important and he says ‘you have to get a bit of both…one by itself just doesn’t work’. (Obs.)&lt;br&gt;• Moving on to business planning, they look at forecast targets. They start with Anna’s portfolio. They have not yet factored in the exchange rate for the business plan and they think the spread on the Euro that they have been given is fine, but the spread on the $USD is not. They note that the way they have built their plan is based on small, diverse pots of business looking at about 39m target. They discuss whether they should be dividing Cat in a different way; Mike and Harry think there isn’t enough variation in their portfolio leaving ReCo exposed to perils on the East Coast. (Obs.)</td>
<td>Micro-practices associated with strategic portfolio planning privilege the market logic (ML) and are only carried out in the office, either individually or in formal meetings.</td>
</tr>
</tbody>
</table>
Formally scheduled performance appraisal; Calculating group and individual bonuses; Formal bonus announcements

Performance appraisal & bonus review at office

Meeting successive brokers; Meeting brokers at the box

Helping them with their queries; Collecting formal submissions at the box

Engaging in social talk; Listening to brokers contextualize deals; Receiving information packs; Looking at figures together; Discussing salient points with broker; Clarifying changes on renewal deals

Symbolic signing of slips using special pens, stamping and scanning slips; joking with brokers; swapping gossip; reflecting on deal.

Signposting at the box

- It is the first time that the researcher saw any underwriter he has observed use the telephone at a Lloyd's box. Jack whispers 'make it another four bottles of Veuve Clicquot … we will be there by five past one'. In the morning, the researcher picked-up that SafeCo had its performance review. Jack [the most senior underwriter] hired a private room and invited a few of his closest colleagues and brokers to celebrate the occasion. Jack is absent from the box this afternoon. (Obs.)

- We've already had a number of bonus discussions and we're still (laughs) 3 ½ months from the end of the year. What will happen is, I will negotiate for a bonus pool and that is committee-driven. It's all formula-driven for the lower ranks, but for anyone paid more than £100k a year, it comes to the committee and their performance is reviewed very carefully. But it relies on the business unit leader saying 'Here's my recommendations' and then some changes may or may not be made to those. (Int.)

- When we get to the box, Harry logs in. A broker (Andrew) sits down and Harry jokes about how 'I'm getting the broking royalty today'. There is already one broker waiting and two more queuing behind him. Andrew is just really trying to sound out whether Harry is interested in a new deal he has. (Obs.)

- When John arrives at the box at 11:39 there are five brokers queuing. The first two brokers introduce new business on Eastern European cat. The third broker came to see John to check his availability in April as he invited John to go on an overseas trip to meet clients in Latin America. By 11.50, another three brokers joined the queue, two have to stand as there is no more space on the bench next to John's desk. At 12.20, one of the broker's in the queue leaves, indicating he will be back in the afternoon. (Obs.)

- UW explains, ‘You might get the broker coming in, he might have an initial chat, then he’ll probably drop off discs of information for the modeling or he’ll be dropping off the wordings.’ (Obs.)

- Brokers come to the box, present me with a submission and go through it. They’ll probably give me a CD and break it to me, referring back to previous conversations we’ve had and any developments since then. We’ll agree a timeframe and then, hopefully, we’ll analyze to a point where we’ll give him a quote with sufficient time for them to make a decision and for us to have any further negotiation prior to inception of the risk.’ (Int.)

- Ken (broker) brought the slip on EarthCo for Stuart to sign. Stuart uses a burgundy/maroon ink in his nice pen for signings. He checks each layer in the slip against his records…as each slip is signed, he puts them on the spare desk. The programme has lots of layers and it’s taking a long time to sign. (Obs.)

- Harry signs 3% on the second layer and then at 12:09 he looks at layer three, which he won’t write, to see who did and he whistles. He laughs, 'hey SafeCo is on 4%.' He then stamps layer four where SafeCo is at the top of the page with 5%, asking 'where do you want it?’, and then he puts his stamp down the bottom of the page so there's room in the middle for another stamp. He authorizes 3% on layer four. While he does so they gossip about another deal that George has to get quotes on in the market. (Obs.)

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Micro-practices associated with performance appraisals and bonuses awards are undertaken using a market logic (ML). These practices privilege financial performance and are always undertaken in the office.

These micro-practices are performed at the box. These practices privilege the community logic as actors contextualize deals, often with reference to community norms, values and relations.

Micro-practices associated with meeting successive brokers privilege the community logic (CL) and reinforced community values. These practices were conspicuous when UW’s worked in Lloyd’s at the box.
TABLE 2a: Continued

- UW and brokers do not come to the office to routinely trade deals or socialize. Indeed, they would have to be invited to the office and this would constitute a very unusual event that would involve some special activity. Similarly, the phone from the office would rarely be used to contact someone whom one will see at Lloyd’s – interactions in Lloyd’s are the norm. (Obs.)
- The broker says, ‘I’ve got a real problem with broking overpriced business’ and they both laugh. They chat about lunch tomorrow and that Peter (UW) can’t go too far from the box for lunch because they’re still in the thick of the 1/6 renewals. (Obs.)
- The broker says, ‘Going over to Lloyd’s does break up your day. So at say 11am you’re logging out, picking up what you think you’ll need and going over to Lloyd’s.’ (Int.)

The practice of interacting socially with other community members privileges a community logic. These interactions take place in different locales and sustain emotional bonds and broader commitments to community values.

UW’s distinguish between spaces, and the work typically performed within them. Regularly moving between working spaces enables UW’s to more easily attend to community obligations and orientations when in Lloyd’s, and to market obligations and orientations when in the office.

Dress codes reinforce norms of dress that are appropriate for a ‘gentleman trader’ in the Lloyd’s community. Dressing up symbolizes status, identity and commitment to Lloyd’s.

Dress codes for the office are different. Dressing down helps UW’s distinguish between, and pay attention to, the proximate referent audience and be a ‘faceless’ member of a firm.

The normative practice of socially sanctioning inappropriate dress or non-conformance sustains the partitioning of work practices and their underlying logics.

Organizing lunches, dinners and holidays; Being member of social groups such as rugby club, Under 35’s; Attending races, golf, skiing and cycling events; Referencing and renewing friendships

Interacting socially with other community members (Brokers, rival UW)

- Set times to go to-and-from lunch; Collecting files to be taken between spaces; Taking deal-specific analysis with UW;
- Moving with office colleagues out of building; Falling in-step with Lloyd’s colleagues when leaving office; Parting from Lloyd’s colleagues on return to office

Moving between spaces

- Buttoning down sleeves/ cuff links; Putting on or straightening tie; Checking/ shining shoes (at office or in Lloyd’s basement); Putting on a dark blue, grey or black suit coat
- Coats hang on backs of chairs; Ties loosened or removed; Sleeves rolled; Change of shoes; Informal work atmosphere, free movement around office, jokes and sometimes pranks

Dressing ‘up’

- As he gets ready to head to Lloyd’s, he is gearing up, he checks his desk drawer for a good tie, then stands in front of the mirror and uses the reflection to tie his tie. (Obs.)
- Underwriters roll down their sleeves, fit cufflinks, select a tie from the five or six customarily kept in their desk drawer and put it on, then their coat. Optionally, shoes are shined in the office, or in the Lloyd’s basement, where the men’s room provides dedicated facilities for doing so. (Obs.)
- In the office, underwriters remove their ties and jackets, roll up their sleeves, and regularly help themselves to coffee. The office atmosphere across all firms is casual compared to Lloyd’s. (Obs.)
- 4.35pm. While he waits for the risk review to start, Oscar places his suit coat on the back of his chair, taking off his tie, then logging into his desktop computer. He checks the latest updates on the loss figures of the Chilean earthquake. (Obs.)
- Stephen, who recently transferred to Bermuda, is in London for a week. He stops at the box to say hello to Paul. Stephen’s wearing a collared shirt and coat, but no tie. As he talks to Paul, some underwriters come over and complain jokingly: ‘This gentleman should be thrown out of the building, coming in here without a tie. He has become uncivilized since he went away.’…Stephen is quick to acknowledge that he has not conformed to the dress code: ‘I’m not doing any business, I’m just in to say hello to Paul.’ (Obs.)

Sanctioning inappropriate dress

- At the end of an interview, the Chief Risk Officer outlined that a beard, such as the three-day stubbles the researcher is sporting, would not be accepted under his helm.
TABLE 2b: Bridging

UWs connect the separated logics to exploit complementarities, cross-fertilize knowledge and release the benefits of coexistence

<table>
<thead>
<tr>
<th>Checking which other companies are on deals; Gathering information about competitors' possible quoting ranges; Gaining soft information on client and line of business</th>
<th>Mark asks what the Lloyd's firm quote was like, and the broker says it was a bit higher than you. Another Lloyd's firm also gets mentioned. Mark asks whether there's any chance that it'll go for a higher price, meaning will there be a shortfall and the broker says, 'No, it'll get done'. His tone is unequivocal on this. (Obs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gathering community information to inform pricing the deal (CL -&gt; ML)</td>
<td>• Jack enquired with the broker 'who are the other reinsurers on the panel?' to gain a sense of his influence on the price. Without using the real name, the broker refers to the other UW's nickname 'Kermit' [whose box is less than 50 feet away]. Once the broker left, Jack told the researcher 'I expect my quote to be in close range with “Kermit” as we were trained in the same stable'. (Obs.)</td>
</tr>
<tr>
<td>Discussing quote in light of relationship with client and broker; Negotiating about probable shares of deal; Adjusting quoting in light of relationships (CL -&gt; ML)</td>
<td>• The UW makes it clear that he's looking at the deal because of the broker relationship, because otherwise he wouldn't even look at the price. He says we have to do underwriting of not just the business, but the client. And Tom, who is the broker, says 'well that's the way that it should be.' (Obs.)</td>
</tr>
<tr>
<td>Drawing on broker and client relationships when quoting and negotiating deals at the box</td>
<td>• Jim opens the spreadsheet on his PC. He says this would be an automatic 'decline' in any other situation, however 'because of the ingredients I feel inclined to do something, it's not going to be big.' He's making it very clear to the broker that he's not happy about the price, because of the relationship he'll have a go. As he opens the sheet he says that the 10 by 50 layer definitely should be 20%. He's pointing out he's not happy with the price. (Obs.)</td>
</tr>
<tr>
<td>Sharing outcome of deal analysis with broker; Selectively showing figures; Turning computer screen to allow broker to see ratings sheet; Giving indication of firm perspective on deal (ML &lt;-&gt; CL)</td>
<td>• He tells me (researcher), ‘if they’re not happy with the pricing, you can go through the rationale behind it and even point out things on the screen and say, ‘Look, this is our rationale’. And we’re pretty logical in the way we approach the business, so the brokers appreciate if you explain your rationale because that, in turn, helps them to explain it to their partners.’ (Obs.)</td>
</tr>
<tr>
<td>Indicating the commercial rationale (ML)</td>
<td>• Mark explains his estimated quotes based on his analysis. The broker is concerned because the quotes are higher than he expected. Mark opens his rating sheet and shows the broker his calculations, reassuring him that ‘we are not haggling about much.’ (Obs.)</td>
</tr>
<tr>
<td>Selectively signalling risk appetite and firm capacity to broker to explain why a particular deal may be more or less favourable (ML &lt;-&gt; CL)</td>
<td>• 'Our US aggregate is tight, we get good money for it and we don't give it away.' David (UW) is talking quite forcibly now and he relates his talk to the overall firm portfolio and where there is capacity. He makes it clear that he will not accept an endorsement [squeezing some additional South American business into the deal]. David tells me he likes the business he has written, which he got a good price on, but he doesn't want to take the endorsement at the price. He says, 'I am just giving him a strong story, so he can go back and give his client a strong story.' (Obs.)</td>
</tr>
<tr>
<td>Signaling elements of business portfolio</td>
<td>• Dom said 'I have to revisit the data and model it'. He then says, 'I have to check our portfolio', in order to reassure his book is not over exposed in the areas that [the client] insures in Australia. Peter (broker) then replied 'That's all I ask for.' (Obs.)</td>
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</tbody>
</table>

Bridging

UWs regularly gather community information (CL) to inform their pricing, which is grounded in a ML of profitability.

UWs draw on community relationships (CL) when quoting and negotiating prices (ML). These bridging practices enable UWs to overcome perceived deal deficiencies by partially deferring to the community logic. They also enable UWs to relax requirements for deal profitability and reinforce social and emotional ties with important community members.

UWs often take time to explain the commercial rationale (ML) behind their position. This imports aspects of both logics to resolve sticking points, but also soften the impact of deal decisions. It preserves valuable broker relationships by helping them manage their client relationships (CL).

While business portfolios are commercial firm information (ML), they are occasionally used to explain that an UW is currently at capacity within a particular area (ML) so cannot take a line. This practice helps UWs to preserve legitimacy and relationships in the community (CL).
TABLE 2b: Continued

- UW: ‘You do get a sense of where other markets are pitching their prices when you go to the box, especially if you come out with a price that they think is too high! They will say: “Well so-and-so quoted differently.” Because we know them quite well and they know that we’re trying to reach a consensus... sometimes I’ve quickly changed my quote, thinking: “Well, okay, I can look reasonable” (laughs).’ (Obs.)

- We don’t want to lose that connection with the box because the one thing that we get out of it is that... because we have a lot of our competitors/peers in the vicinity, quite a lot of discussion will go on in the market. It’s not fixing prices because that’s illegal, but you know, things like, “Did I miss something?” or you know, “How do you feel about that?”’ (Int.)

- ‘Brokers say, “Look, you’ve written nine juicy bits of business, I need you to write this tenth one”, and they can eyeball you to do it. And vice versa. We say, “Look, I’ve just helped you out on that, what else have you got?” You can have that banter: “Well, I need you to do that”, “Well if I do that, you’ve got to give me this, that or the other... it works pretty well.”’ (Int.)

- The UW says, ‘[At the box] you’re just feeling them out on where they might want to negotiate and, you know, judging whether it’s even worth doing it because you’re a mile out or whether you could get close.’ (Obs.)

- Nigel (broker) and Richard (UW) know each other well and have decided not to come to blows over this deal – they made a bet that first one to lose his temper has to pay the other £10. Richard tells me the figures don’t add up and that some other market has quoted it at 16, which is 6 points below the 22 that [Re firm] sees it as – it simply doesn’t make sense to him that the growth aspirations of client fit the figures the brokers are showing. (Obs.)

- They (UWs) note you get this business to see first and you’re expected to show support for it before you get to see the more choice programmes such as the Cat programme which is a very big programme in the market. How you behave on the quota share can affect your signings on the Cat programme. (Obs.)

UWs leverage knowledge gleaned in the community to sense check pricing and adjust quotes. Such bridging practices enable UWs to ensure that their quotes are both profitable (ML), and in step with the Lloyd’s market (CL); thereby upholding standards of community pricing in the subscription market.

Deal negotiations at the box are sometimes performed using a mixture of commercial reasoning (ML) and interpersonal favours. Such bridging maintains social relations and norms of reciprocity, trust and mutual support (CL) and facilitates commercial negotiations.

UWs perform community driven gestures, such as quoting on deals of lower interest or writing a small line to help a broker out (CL) in order to build social capital and obtain access to more commercially lucrative deals in the future (ML).
TABLE 2b: Continued

<table>
<thead>
<tr>
<th>Activity</th>
<th>Context</th>
</tr>
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<tbody>
<tr>
<td>Relating news heard in non-specific situations, as part of general information generation; Reporting rumours, news and gossip that might affect specific pricing in Risk Reviews; Telling colleagues on specific deals about particular rumours; Holding specific meetings to share news when a market incident occurs</td>
<td><strong>(CL -&gt; ML)</strong></td>
</tr>
<tr>
<td>Brokers sharing market gossip; sharing helpful insights; UWs helping brokers by sharing market knowledge.</td>
<td><strong>(CL &lt;-&gt; ML)</strong></td>
</tr>
<tr>
<td>Exchanging gossip with Lloyd’s colleagues</td>
<td><strong>(CL &lt;-&gt; ML)</strong></td>
</tr>
<tr>
<td>Documenting ‘rumours &amp; gossip’</td>
<td><strong>(CL -&gt; ML)</strong></td>
</tr>
<tr>
<td>Noting on ratings sheets soft information gleaned from market gossip that influences decision; Making notes for analysts to factor specific news into the weighting of models on particular deals; Updating client data bases based on market news</td>
<td><strong>(CL -&gt; ML)</strong></td>
</tr>
<tr>
<td>UWs document community generated knowledge and insights (CL) to both explain and inform their own commercial decisions (ML). Importing community knowledge also informs the commercial decision making of colleagues in the office.</td>
<td><strong>(CL -&gt; ML)</strong></td>
</tr>
<tr>
<td>UWs habitually share community gossip (CL) with peers in the office, whether necessarily immediately related to a particular commercial decision or not, in order that it might be picked up by others as necessary to inform commercial decision making (ML).</td>
<td><strong>(CL -&gt; ML)</strong></td>
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</tbody>
</table>

- **Peter** says he expects up to 30% rise in European property rates next year because they had a shortfall deal on which [client] ‘panicked and totally overpaid’, which might still affect the market next year. (Obs.)
- **They** share some gossip about a client who’s buying a lot more cover. They talk about the market and what’s going on with their long-term plans. Mark said there is a rumor in the market that [client] have blown all their cover, but he thinks this is unlikely as they had $1.6bn of cover. Still that is a rumour going around. (Obs.)
- **Ken** then talks about a few deals in the market. They exchange a bit of market gossip over what they know or have heard about these deals, whether they make any money, what their growth is. So that they’re exchanging a little bit of market information about any deals that might be coming up. (Obs.)
- **Tom** (broker) and Harry (UW) embark on some market gossip. Tom says ‘the only people reducing anything are [a large European Reinsurer]. No one else has reduced their line size.’ He thought it was funny how there was ‘lots of talk in the summer’, but then everything went quiet as ‘no one came out of the blocks!’. Tom then gives Harry (UW) some sort of inside knowledge, saying, ‘I have never understood why reinsurers haven’t spotted that. They just haven’t asked those questions.’ Tom finishes by saying, ‘That’s a rough summary of what I think is going on.’ (Obs.)
- **The broker** asks Ben (UW), ‘what are people generally full of?’ He is basically asking for a market review of what kind of capacities have already been filled up. Implicitly the broker assumes that Ben would know what people have been doing in the market. Ben delivers his usual speech about the market in general. (Obs.)
- **UW** routinely put notes on their ratings sheets, which show why they have made the decisions that they make. These are not only technical details of why the specific rate of return was seen as favourable but may also include points such as – took ‘taster’ line based on information gained that client portfolio is improving’; or ‘retained ‘watching line’ to support the relationship, although pricing is down’; or ‘reduced participation this year because of news about staff churn at client X’, that had generated concerns last year on this deal. (Obs.)
- **During the risk review**, Jim refers to his notes on the FarmerCo deal to let his colleagues know that he is going to ‘keep a toe in the water’ as he does not expect another event to destroy 80% of crops, which happened last year. He has heard that the leading broking house is going to release a new model which increases the accuracy of such forecasts. (Obs.)
TABLE 2c: Demarcating

UWs guard against over-privileging one logic by actively maintaining the boundaries between the different logics.

<table>
<thead>
<tr>
<th>Action</th>
<th>Example</th>
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<tbody>
<tr>
<td>Using satire and sarcasm to mock or disrupt a broker’s pitch;</td>
<td>‘The thing with face-to-face, especially where you’ve got a good relationship with a broker, is making sure you maintain a healthy cynicism and go through the full Q&amp;A each time in a thorough fashion.’ (Int.)</td>
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<tr>
<td>Showing anger and irritation (raising voice, using strong terms, crudity) when a broker applies pressure; Occasionally ignoring a broker</td>
<td>When brokers come by they talk at you; try to persuade you. I take it with a grain of salt. I don’t want the brokers telling me what I should be doing about prices.’ (Int.)</td>
</tr>
<tr>
<td>Covering files when brokers sit down; Privacy covers over computer screens to prevent sideways views; Taking analytic files with UW to-and-from box</td>
<td>David (broker) returns to the box. James immediately removes the notepad and hides the paper on which he wrote his rates, including his calculations (Obs.)</td>
</tr>
<tr>
<td>Establishing amount of slack in a price prior to going to box;</td>
<td>Peter didn’t have his screen concealer on earlier when he was doing training with Andrew but he put it on when the brokers arrived (Obs.)</td>
</tr>
<tr>
<td>Drawing a line in the sand on price; Refusing to bend on Terms &amp; Conditions;</td>
<td>The broker (who’s got three white broking folders) said to Tom, ‘I’ve got three things for you.’ James then changes the direction of the screen so that the broker cannot see it, even though there is already this screen curtain which makes it very hard for someone else to actually look at the screen to see what the content is. (Obs.)</td>
</tr>
<tr>
<td>Stalling at box when under pressure by broker; Refusing to make ‘on-the-spot’ decisions without running analysis; Insisting broker provide further information; insisting broker return at future stage</td>
<td>Paul (UW) wants the firm order terms and the figures, but he doesn’t want to do the consideration here (at the box) or to be pressured by the broker, he wants to take the material ‘home’ (the office). So he tells the broker that he’ll get back the first thing tomorrow morning and he scans the paper copy (Obs.).</td>
</tr>
<tr>
<td>Delaying decision-making at the box</td>
<td>Jim (UW): ‘Okay, I’m not saying “no way – piss off”, but I’ll need some convincing. Give me a one-pager, a business plan, a P&amp;L statement, and we can have a conversation. But I’m not rolling over. I’ll need convincing.’ (Obs.)</td>
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Cynicism enables UWs to demarcate, guarding their market-based reasoning from being swayed by persuasive argument, and social ties that emphasize commitments to the community.

UWs maintain or protect the boundaries between logics when working at the box by protecting their analytic work (ML) from broker scrutiny. Such demarcating practices, when used, limit a broker’s ability to question the UWs analytical work and apply social pressure.

Clarifying price enables UWs to demarcate the extent to which their market principles of profitability can be swayed to take part in the community, yet know where to ‘draw the line’ to maintain the ML.

Delaying decision-making at the box enables UWs to demarcate against over privileging the CL in a given moment when under pressure from the broker. These practices create time and space to reconsider the commercial grounds of a deal.
Table 2c: Continued

- **UW**: 'The risk review meeting is that sort of challenge where somebody’s saying: “Are you sure you want to do that?”, or “What was your rationale and judgment and decision-making leading you to offer what you did on this particular risk?” It’s a double-check against what each individual is doing.' (Int.)
- **Two underwriters are reviewing a deal together.** One says, ‘I want to know if it is the right pricing. With the underlying data problems I couldn’t get the technical pricing where I wanted it.’ He and his colleague engage in a technical discussion about how to rate risks of this nature and the analytics they use. It basically comes in too low in their modeling and they realize they cannot justify it on relationship grounds.’ (Obs.)
- **Two UWs are discussing a piece of business, trying to decide their course of action.** Roy is quite enthusiastic, while Seb, his senior, remains skeptical. Seb asks what modeling Roy has done and how he stress-tested his results. Roy admits that some information the broker provided doesn’t quite add up, but is reluctant to hassle him for more information. Seb erupts: ‘But you cannot price it properly without that information!’ Roy goes red in the face and agrees to follow-up. (Obs.)
- **A broker, Roger, asks Tony (UW) for a ‘favor’ by spreading the $5m, initially placed on one deal, across two deals with the same client.** The broker is short $1.2m of cover for the one deal. Roger asks Tony to do it ‘for the reputation of Lloyd’s.’ Tony declines on the basis that the first deal has a much higher rate of return, while the second is a long way off his targets, saying; ‘I would get a real bollocking if I did that; and rightly so.’ (Obs.)
- **The broker complains to the UW: ‘You used to be able to write this at the box. You know this client and the deal and I’ve always given you a fair share. But now it’s all, “Oh, I’ve got to take this back to the office and model it.” Why? Nothing’s changed from last year?’** The underwriter looks shame-faced and says, ‘I know. I’m sorry. We’ve got this new modeling system that I have to put it through first. Look, I’m sure I can do it. Just give me until this afternoon to run it through the system. I am sure I’ll be able to help you on it; it’ll probably be the same at last year.’ (Obs.)
- **Do you know James [from other reinsurance firm]? He had a real falling out with a broker from [Firm X].** She said he was insulting her, by not providing her with the correct information about why he wasn’t writing her deals. In the end, she blacklisted him; refused to ever come by his box in Lloyd’s. They have started to do business again, but she insists that there is always a third person present. She’s still pretty pissed off at him. He lost a lot of business.’ (Obs.)
- **Displays of anger or disapproval when pricing is seen to have favoured relationships without adequate justification; General ridiculing those who ‘follow the herd’; Expressions of self-regulation to avoid looking foolish in front of office peers; Expressions of shame when perceived to have made overly communal decisions**
- **Sanctions, such as being penalized for decisions that do not have a clear profitability basis, serve to demarcate the extent to which an actor should privilege the CL in market-based decisions.**
- **Sanctions for not fulfilling community obligations, such being given less access to deals, or excluded from social ties that provide information and community standing, serve to demarcate the extent to which underwriters can position themselves as separate from their Lloyd’s commitments, without damaging their community ties.**
Second-order analysis of moment-by-moment process of managing co-existing logics in a composite day in the life of an underwriter

| Instance Segmenting Bridging Demarcating |
|------------------------------------------|-----------------------------------|-----------------------------------|
| **Risk review of Integra deal** | The ML is prevalent when UWs collectively scrutinize the analytic practices and commercial rationale underpinning the UW’s decisions. They formulate plans based on the ML (‘best to play it safe until we see how Integra performs there’). | The discussion of this new deal triggers a moment of bridging (‘What do we know about Integra?’). Tim leverages his community knowledge (CL) by sharing that others in Lloyd’s have been burnt from losses. | Demarcating practices follow (e.g. ‘pinching the UW about how he modeled potential losses’) which reinforces the need to analyze the risk and profitability (ML), regardless of whether the UW knows the company well. |
| **Risk review of Chicos deal** | The ML is prevalent when UWs collectively scrutinize the analytic practices and commercial rationale underpinning the UW’s decisions (‘Why did you spread the investment?’). | When probed in the meeting according to a ML (‘Why did you spread the investment?’) the UW responds by importing the CL to explain his decision (‘I saw the broker over at Adrian’s box. I didn’t want to lose it’). | Demarcating reinforces the primacy of the ML. The UW’s inability to provide sufficient analytic or profit-based (ML) reasons for his decision triggers social sanctions by colleagues. |
| **Discuss forthcoming Florida deals** | The ML is prevalent, with activities focused on how to make the best commercial decisions during the Florida renewals. | A moment of bridging is initiated when UWs discuss the credit risk and Tim imports knowledge gleaned in the community (e.g. ‘I heard some Floridian insurers went insolvent and deferred payments’). | The ML is reasserted emphasizing SafeCo’s responsibility to shareholders (e.g. ‘not lending balance sheet’). UW decide to rank incoming deals using ML metrics. |
| **Adjust pricing of CropPlus** | The UWs work is imbued with the ML when he calculates and analyses risk exposures, losses and profitability on the CropPlus deal to work out the price he wants to offer without interruption or scrutiny by members of the Lloyd’s community. | Bridging is performed as the UW explains his commercial position (ML), while softening the impact of his decision and preserving the relationship with the broker (CL). | Demarcating emphasizes the ML to reduce the amount of capital placed on CropPlus. It is performed by not turning the computer screen to reveal the UW’s full analysis of CropPlus. |
| **Get ready to go to box** | With the change of attire the UW prepares to move to Lloyds where the CL logic is prevalent. The change of dress helps the UW to maintain the separation of logics and associated practices. | | |
| **Sign lines on CropPlus** | The CL is prevalent. Social links are re-established with the broker (‘school play’) and references are made to the wider community, such as other Lloyd’s members also on the deal. | Bridging is performed as the UW explains his commercial position (ML), while softening the impact of his decision and preserving the relationship with the broker (CL). | Demarcating emphasizes the ML to reduce the amount of capital placed on CropPlus. It is performed by not turning the computer screen to reveal the UW’s full analysis of CropPlus. |
| **Supporting or declining MidWestern** | The ML is prevalent (decline the deal), though juxtaposed with the CL (help the broker place the business). | The long-term relationship with the broker (CL) ensured continuous business in the past (ML). The broker’s struggle to place this business prompts the UW to override the original ML decision to decline. | Demarcating is performed as the UW relaxes profitability (ML) as a way to preserve and strengthen a community relationship (CL). |
TABLE 3: Continued

<table>
<thead>
<tr>
<th>Quoting HouseSure</th>
<th>The ML (Tim’s quote on HouseSure) conflicts with the CL (community nature of pricing as ‘Is it so far out that it looks stupid?’).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leaves personal items on desk</td>
<td>The normative basis of the CL is asserted through expectations of trustworthy behavior by community members (‘we wouldn’t behave like that’).</td>
</tr>
<tr>
<td>Heading for lunch</td>
<td>The CL is prevalent as social ties with competitors and brokers are re-established. The normative basis of CL is reinforced through social activities, such as going to lunch, taking part in community events (‘the Lloyd’s rugby match’), and references to actors’ community identities (‘John will never give up until they carry him off’).</td>
</tr>
<tr>
<td>Declining NatCover</td>
<td>The ML (Tim’s price on NatCover) conflicts with the CL as other reinsurers priced the deal “9.5%” lower. Norms of the subscription market require Tim to take it or leave it at the set price.</td>
</tr>
<tr>
<td>Back to the office</td>
<td>To avoid colleagues taking the mickey, the UW changes attire (‘removes tie and jacket, rolls up his sleeves’) and switches to UW practices that enact the ML.</td>
</tr>
<tr>
<td>Altering the analysis on House Sure Rate reductions on Florida Business</td>
<td>Predictions of a 10% rate reduction on loss-free Florida business (CL) might undermine SafeCo’s pricing of Florida deals (ML).</td>
</tr>
</tbody>
</table>

The UW’s struggle with quoting prompts checking how his pricing (ML) aligns with the community (‘David mentions a ballpark of possible quotes’). The UW uses this community information (CL) to reconsider his commercial (ML) analysis (‘Let me have another look’). Demarcating the ML (quoting HouseSure), the CL is foregrounded as helping behavior displayed (‘you can give me a new quote’) and social links with broker are re-established (‘rugby in France’).
FIGURE 1
Balancing Conflicting-yet-Complementary Logics in Practice: An integrated Model

Segmenting
- Separates coexisting logics to reduce conflict between referents
- Generates no complementarity due to lack of interaction between logics

Bridging
- Connects logics according to situation-specific demands
- May generate slippage towards one logic or blending of both

Demarcating
- Delimits extent of integration by reasserting alternative, less-present logic
- Maintains boundaries by highlighting potential for conflict between logics