

**European Research Council**  
Executive Agency



Department B: Scientific Department

**Project No: 263529**

**Project Acronym: PERFORMABUSINESS**

**Project Full Title: Performativity in Business Education, Management Consulting and Entrepreneurial Finance**

**ERC GRANT**

## **Mid-Term Activity Report**

**Period covered: 01 April 2011 to 31 March 2013**

**Start date of project: 01 April 2011**

**Principal Investigator: Fabian Muniesa**

**Host Institution: ARMINES**

**Date of preparation: 30 May 2013**

**Date of submission: 30 May 2013**

**Duration: 48 months**

# Grant Mid-Term Activity Report

## **GENERAL INFORMATION**

**Project No: 263529**

**Project acronym: PERFORMABUSINESS**

**Project full name: Performativity in Business Education, Management Consulting and Entrepreneurial Finance**

**Period number: 1st**

**Period covered - start date: 01 April 2011**

**Period covered - end date: 31 March 2013**

**Project start date: 01 April 2011**

**Project duration [months]: 48 months**

**Principal Investigator name: Fabian Muniesa**

**Host Institution name: ARMINES**

**Date of submission: 30 May 2013**

## **SUMMARY OF THE MAJOR ACHIEVEMENTS SINCE THE START OF THE PROJECT (2 pages)**

*The information provided in this section will only be made available to ERC staff and to the ERC Panel Members*

The major achievements of the project from its official launch in April 2011 to its development point in March 2013 are of both an organizational and a scientific nature.

The most important attainments at the organizational level relate to the establishment of the project's work dynamics. A core research team was successfully formed in 2011, composed primarily of the principal investigator, three post-doctoral researchers and one research engineer, augmented with a wider circle of collaborators at the host institution, primarily three doctoral students working under the supervision of the principal investigator. The research team created a participatory process for the scientific management of the project and plans were successfully drafted for the initiation of field research, the coordination of joint scientific operations, the capitalization on preparatory work, and the elaboration of a strategy for scientific dissemination. Plans were followed during the period, and revised when necessary. A secure repository for scientific and management materials (e.g. field data, meeting minutes) was established. A website was developed in order to provide public information on the undertakings of the project team. Team members participated throughout the period in a number of relevant scientific conferences and events, sometimes taking part in their organization. They also engaged into field missions, seeking field access and initiating data gathering processes. A number of project-related communications were published or submitted to publication during that period, although the bulk of the publication plan is expected to be implemented during the following period, that is, once the scientific materials have been duly elaborated and exploited. The organization of major project-related dissemination events will also be developed in the next phase.

Accomplishments considered from a scientific perspective chiefly relate to the elaboration and implementation of a number of interrelated research endeavors, all consisting in the original examination of the problems of performativity in contemporary business culture. In what follows, these endeavors are briefly presented.

### Elements for a social inquiry into capitalization

Early team discussions translated into the identification of both an important gap in the anthropological and sociological understanding of today's business culture and a crucial occasion to refine the theoretical intuitions that motivate the project: the understanding of capitalization as a social practice that transforms the world. Team members have put together empirical illustrations and theoretical reflections in order to form a collective book that seeks at deciphering the social imaginaries and performative apparatuses that govern processes of capitalization, that is, processes in which the value of things is constructed as the present value of an investment that ought to generate a future stream of earnings. The book is currently in preparation and should be ready for submission for publication at the beginning of 2014. Empirical materials come from the authors' original research on the imaginaries of finance, the valuation of biotechnology, the history of discount models and the pedagogy of business. The conceptual kernel of the book is based on intensive brainstorming sessions among team members. The book targets a wide academic, interdisciplinary public and seeks at opening up debate.

### The provoked economy: economic reality and the performative turn

A book that clarifies the intellectual vocabulary of performativity for the study of economic reality has been completed. This stands as a major theoretical achievement that is meant to open paths for scholarly discussion and further research endeavors. It provides a novel understanding of the provoked nature of economic conducts and economic artifacts. A contract has been signed with an editor (Routledge) and the final manuscript is being examined by the series editors (CRESC Series) prior to the initiation of the production process.

### Chile as a laboratory for performativity studies

The project has identified in Chile a suitable and challenging field for the examination of the practices and effects of business education, management consulting and entrepreneurial finance. The Chilean economy has been signaled in the literature as a paramount laboratory for neoliberal doctrines. Field research has been initiated in that country during this period, with an emphasis on the analysis of Chilean economic elites, the role of business education in their formation and the impact of consulting professionals in the economic and managerial construction of today's Chilean society.

### The reconstruction of value through discount methodologies

Research has been carried out on the development of methods of financial valuation, their conditions and their consequences on the objects of valuation. The history and practice of the discounted cash flow formula and the emergence of alternative models such as real options has been researched through historical secondary sources and through interviews with relevant actors in the field. The main insight gained so far is that controversies in valuation do indeed carry a number of performative consequences on entrepreneurial reality, especially in relation to innovation. The project is currently tackling the emergence of real options (a novel alternative to the valuation of innovation projects) through quantitative methods (scientometrics and semiotic analysis).

### The Chinese frontier of financial valuation

China is standing today as an obligatory point of reference for corporate finance and for business education. In-depth ethnographic examination of the culture of professional finance in Shanghai is one of the main targets of the project's empirical mission. During this period, research has been advanced in financial milieus and in business education in the Shanghai area. Two main topics are being elaborated in discussion papers: the construction of a financial self through business education and the singularity of valuation practices in the Chinese regulatory environment. Both advance an understanding of the performativity of finance in an environment that is commonly considered as the avant-garde of financial power.

### Harvard and the performance of business

The project is focusing on the role of the Harvard Business School as a vehicle for the construction and transformation of global business culture. During the period, fieldwork interviews and archival research have been carried out on the history and practice of the Harvard case method of instruction in business administration (with attention, in particular, to its dramaturgical dimension) and on the history of the pedagogy of business valuation. The investigation has allowed strengthening the project's thinking on the role and functioning of the business simulacrum in the construction of the business self and its reality.

### The choreography of venture capitalism

The raise of valuation consultancy, of financing techniques and of business-matching methodologies in the biotech industry and in other high-value innovation sectors such as clean technologies stands as a major research objective of the project. During the period, research has been furthered on the social networks and social rituals governing the encounters between entrepreneurs and venture capitalists, with an emphasis on the ethnography of industry events and on the formation of power nodes. Main insights produced so far are related to the dramaturgical, material dimension of business encounters and to the performative power of valuation networks in the determination of the object of innovation.

## **PUBLISHABLE BRIEF SUMMARY OF THE ACHIEVEMENTS OF THE PROJECT** (*1 page*)

***The summary should be a stand-alone description of the project and its outcomes. This text should be as concise as possible and suitable for dissemination to non specialist audiences.***

Today's business culture is characterized by a performative drive, a drive that this research project interprets in an open manner: the idea of 'performativity' in business refers to the emphasis on the efficacy and productivity of business knowledge, to the prominence of the dramaturgical character of business communication, and to the social impact and generative force of business technique. The project aims at understanding this performative drive through an anthropological and sociological examination of a number of relevant empirical realities, considered through a pragmatist viewpoint, that is, through a perspective that focuses precisely on performativity. During the first two years of the project's life, the research team has concentrated on empirical investigation (opening field access, gathering data, making sense of research questions) and the establishment of an intellectual agenda (discussing concepts, thinking new directions). Main achievements are as follows:

- What does it mean to say the economic reality is a 'provoked' reality? This is one way to put in a nutshell the idea of performativity. One of the main outcomes of the project is the completion of a book that aims at answering that question. *The Provoked Economy: Economic Reality and the Performative Turn* (forthcoming) takes the reader through the main challenges of the idea of performativity as applied to the capitalist business world, and clarifies the tenets of a pragmatist approach.

- What is capitalization? 'Capitalization' refers to the professional rules, practices and imaginaries that govern, to a great extent, the way in which the value of things is determined in our capitalist world. Things of all sorts are indeed valued in terms of the earning power of an investment. But not much has been written on the sociological and anthropological implications of this transformation of valuation. The project fills into this gap with *Elements for a Social Inquiry into Capitalization* (working title): a book, in preparation, that proposes both empirical and theoretical paths to tackle this.

- How is Chile performed? The Chilean society is a paramount example of the power of economic doctrines and business visions in the construction of social reality. The project has focused on the clarification of this through empirical investigation on the formation of business elites, the role of business education and the power of business consultancy in Chile.

- What financial reality is underway in China? Understanding the future of financial business means understanding today's Chinese financial landscape. The project contributes to that task with an ongoing ethnography that seeks at gathering qualitative evidence of the transformations of financial capitalism (and its culture) in China.

- What is business to become according to Harvard? The Harvard Business School stands as an important reference for the construction of global business culture. Examining the invention and impact of pedagogical tools at Harvard is a way to refine our understanding of the performative construction of the business self. Empirical investigation has been initiated in that direction.

- How is value rehearsed and produced in innovation? The project team has been investigating the performative dimension of industry events and social connections in venture capitalism in high-value innovation (e.g. biotech), with particular attention to the socially organized encounter of financiers and entrepreneurs.

- Can the discount rate be locked-out? The project is examining controversies in valuation methodologies, looking quantitatively and qualitatively at the justification of their role in the assessment of investment projects. Methods such as "real options" are challenging today established ways of looking at investment, and the project is looking at this challenge.

During the forthcoming period of the project, the publication plan for all these ongoing investigation will come to a conclusion.

\* Please, notice that this summary will be published

## **MAJOR PROBLEMS/DIFFICULTIES (1 page)**

*The information provided in this section will only be made available to ERCEA staff*

*Please specify any major problems/difficulties you may have encountered until now or may anticipate in the near future. Please, suggest possible corrective actions*

*Scientific problems*

*Technical problems*

*Support provided by the Host Institution (Start-up facilities, working space, access to labs, equipments, resources, etc)*

*Others*

No major problems have been encountered or anticipated.

**Information you would only want to share with ERCEA (1 page)**

## LIST OF KEYWORDS

Performativity  
Business Education  
Entrepreneurial Finance  
Management Consulting  
Business Culture  
Valuation  
Capitalization  
Anthropology  
Sociology  
Social Studies of Finance

**Attachments:** Other attachments you would like to provide for consideration. Please note, that a publication list will be automatically provided from the updated Publication Records

- **Work package deliverables 1.PA and 2.PA (one file with annexes)**
  - **Work package deliverable 3.PA (one file)**
  - **Work package deliverable 4.PA (one file)**
- To be made available to ERC staff and to ERC panel members only**