INSTITUTIONS AND TRANSNATIONALIZATION

Marie-Laure Djelic, ESSEC Business School, Paris
Sigrid Quack, Social Science Research Center Berlin

INTRODUCTION

At a first level, the notions of "institutions" and "globalization" could appear to exclude or oppose each other. The notion of institution suggests stability or at least an attempt at stabilization. An institutionalist perspective starts from the basic recognition that human activities, including activities of an economic nature, are embedded and framed within larger institutional schemes that are, on the whole, quite stable (Weber 1978; Polanyi 1944). A core dimension of the institutionalist project has been to understand how embeddedness matters, how institutions constrain and structure action, create regularities and stability, limiting at the same time the range of options and opportunities. In contrast, the process of globalization is often associated with the breakdown of traditional rules of the game and institutions, in particular through the weakening of national states and their order-creating capacities. The champions of that process welcome this evolution. They see globalization as a process where "markets" displace and replace "institutions" through time, bringing along wealth and development, economic, social, if not moral progress. The critics of globalization, on the other hand, equate this evolution with anomie, instability and disorder. The withering of traditional polities and institutions is often described, from such a critical stance, as one of the negative externalities of globalization.

The objective of this chapter is to overcome the apparent opposition between the two notions of "institutions" and "globalization". We suggest instead another perspective, where the two notions emerge as being tightly intertwined. Firstly, we want to argue that our reading of the phenomenon of globalization will be significantly enhanced if we bring to bear upon that phenomenon an institutionalist perspective. The globalization of our world is, we propose, deeply about institutions. It is about the rules of the game in which economic and social activity is embedded and about the profound transformation of those rules in a world where order-creating capacities are not coinciding anymore with nation-state power. We argue that

much of this institution building is of a transnational rather than a global nature; it unfolds across blurring boundaries between a variety of actors from different nation states without necessarily implying convergence and homogenization at the global level. Second, we also want to argue that institutions and processes of institutionalization cannot be understood today without taking transnationalization into account. Most spheres of economic and social life, in most corners of the world, are not only constrained and framed by local and national sets of institutions but they become enmeshed as well in transnational dynamics.

We define institutions as those collective frames and systems that provide stability and meaning to social behaviour and social interaction and take on a rule-like status in social thought and action (Meyer and Rowan 1977; Douglas, 1986:46-48). Institutions stabilize and survive through self-activating social processes of reproduction (Jepperson 1991). At the same time, we see institutions not only as sets of constraints but also as tools and resources enabling action (Clemens and Cook 1999). In our view, institutions have both a structural dimension, including formal and informal rules and systems and an ideational dimension, including normative and cognitive schemes. The mix of those two dimensions can vary. The reach of institutions will also vary and it will be likely, in fact, to co-vary with the scope of social action and interaction. In other words, if action and interaction only play out at the level of a local tribe, locally defined and enforced sets of rules will be both necessary and sufficient. If action and interaction expand beyond the boundaries of the tribe, then there will probably be a need for translocal institutional frames that may displace, complement or transform local ones. While institutional resilience can be quite strong, institutions can change and what this chapter does is explore some of the dynamics of institutional change – those more particularly associated with the process of transnationalization.

We use the term “transnationalization” to describe a world – our world – where economic and social organization and coordination increasingly reach across national borders. The label “globalization” is frequently used to refer to the rapid expansion of operations and interactions across and beyond national boundaries. However, we find it unsatisfactory; “globalization” has become such a catch-work that its meaning is highly blurred. Transnationalization, we propose, is a more suitable and focused concept to make sense of the world we live in. We agree with Hannerz (1996:6) that “the term ‘transnational’ offers a more adequate label for phenomena which can be of quite variable scale and distribution, even when they do share the characteristic of not being contained within the state”. The term

"transnational" suggests entanglement and blurred boundaries to a degree that the term "global" could not. In our contemporary world, it becomes increasingly difficult to separate what takes place within national boundaries and what takes place across and beyond nations. The neat opposition between "globalization" and "nations", often just beneath the surface in a number of debates, does not really make sense whether empirically or analytically. Organizations, activities and individuals constantly span multiple levels, rendering obsolete older lines of demarcation (Djelic and Sahlin-Andersson 2006). At the same time, the term transnational does not imply, as globalization often does, the disappearance of states. It suggests instead that states are now only one type of actor among others and that they have to profoundly evolve as a consequence (Katzenstein et al. 1998).

The term transnationalization is also a term better adapted to our times than the term "internationalization". Transnationalization suggests more than the mere projection of national states and national actors outside their borders. It implies that many connections go beyond state-to-state and firm-to-firm interactions. Transnationalization points to the progressive structuring of spheres of action and interaction with an emergent identity, where debates cannot be reduced to negotiations between national identities. Transnationalization means, in other words, that the world "in between" nation-states is not an anomic world with no order, power or institutions apart from those projected by strong states. In fact, the term suggests that there is a need to consider transnationalization from an institutional perspective – to focus on those processes of institutionalization and de-institutionalization associated with the transnationalization of economic and social activity.

We explore, in this chapter, the interplay between institutions and transnationalization. We start with a review of the literature and get a sense of how different perspectives have handled those notions and sometimes their interaction. Then, building on recent developments within the broad family of institutionalism, we propose a reading of transnationalization through an institutional lens. In other words, we approach transnationalization as an institutionalization process. Finally, here again building on recent contributions, we bring the transnational dimension into the study of institutions. We do this in order to enhance our understanding of contemporary processes of institutionalization and de-institutionalization and hence to contribute to debates on institutional change.

LITERATURE REVIEW

We take in turn four different theoretical repertoires and explore what they have to tell us, if anything, about the interplay between "institutions" and "transnationalization". Three of those repertoires are inevitable when we talk about institutions and institutionalization – organizational institutionalism, societal institutionalism and World System institutionalism. We choose to bring in the fourth repertoire – the International Relations Literature – because it is important for a discussion of transnationalization even though it brings less to debates on institutionalization.

Organizational Institutionalism and its Agnostic Stance on Transnationalization

The field of 'organizational institutionalism' encompasses a wide range of conceptual and empirical studies demonstrating how organizations are shaped by, adapt to and interact with institutionally legitimized rules and templates in their environment. In the tradition of classical authors (Barnard 1938, Blau 1955, Gouldner 1954, Parsons 1956, Selznick 1949, Weber 1978), organizations are conceived as adaptive social systems embedded in and responsive to wider societal and institutional influences rather than just as mere production systems geared towards efficiency. In pursuit of the neo-institutionalist turn introduced by Meyer and Rowan (1977), DiMaggio and Powell (1983) and Zucker (1977) recent work gives priority to cognitive and cultural over regulative mechanisms of institutionalization. The comprehensive concept of institutions used in these analyses encompasses any kind of sustained, reproduced social practice that may be relevant to organizations, including taken-for-granted practices, norms and values.

Organizational institutionalism has mainly focused on the study of institutionalization processes in organizations or organizational fields and has highlighted isomorphic pressures leading to homogenization of organizational practices and forms. On the whole, organizational institutionalism has taken a rather agnostic stance on transnationalization. Studies of organizational fields are often limited to the local or industry level; they rarely encompass a national or even transnational dimension. Institutional processes that extend beyond the boundaries of organizational or sectoral fields or run through vertically layered institutional orders have been largely neglected. This agnostic stance of organizational institutionalism on transnationalization becomes increasingly problematic as the horizons of action and meaning of the actors become transnational and global interdependencies increase.

This also applies to the recent revival of interest in institutional entrepreneurship and institutional change. Building on DiMaggio's (1988) seminal article, various authors have investigated how institutionally embedded actors engage in shaping and changing their institutional frameworks. Oliver (1991) identified various strategies ranging from passive conformity to proactive manipulation by which organizations act in a given institutional environment. Greenwood et al. (2002) investigated the role of professional associations in the transformation of institutional fields. The large majority of these studies, though, focus once more at institutional change at the local and industry level (see e.g. Dorado 2005, Fligstein 2001, Greenwood and Suddaby 2006, Maguire et al. 2004). Very few studies have analyzed institution building at the global level (Maguire and Hardy 2006).

Organizational institutionalism, though, is of relevance to the theme of this chapter because it provides key concepts that, when further elaborated, can be fruitfully applied to the study of institutionalization in the transnational sphere. We suggest that this applies particularly to process theories of institutionalization and deinstitutionalization, concepts of diffusion, translation and editing, and organizational field analysis.

Organizational institutionalism offers a micro approach to institutional change that can be extended to macro levels of analysis. Building on Berger and Luckmann (1967), institutionalization has been defined by Tolbert and Zucker (1996) as a three phase process. The first phase, called habitualization, comprises the development of patterned behaviors through recurrent and regular interactions to which shared meanings and understandings become attached. The second phase, called objectification, is the subsequent process of generalization of these particular meanings and understandings beyond the specific context in which they crystallized. This occurs together with the stabilization of a consensus on the value of the behavioral patterns and of their associated meanings and understandings among social actors. This consensus can translate into fragile preliminary structures and rules that can still be revised or challenged at this semi-institutionalized stage. The third and last stage of institutionalization is one of 'sedimentation'. It is characterized by a wider spread of patterned behaviors and meanings and by the solidification and perpetuation of structures. During this last stage, institutions can acquire the quality of 'exteriority', i.e., they can become taken for granted and develop a reality of their own.

From a process perspective, de-institutionalization is another important element of any institutional change. Institution building in the transnational sphere may equally require a fair degree of de-institutionalization of rules at local or national levels. Following Oliver (1991, 1992), political, functional and social pressures can lead to de-institutionalization. Political pressures arise from intentional interest-guided actions of individuals who question the legitimacy of existing institutions. Functional pressures may lead to de-institutionalization when stakeholders challenge the legitimacy of an institution because of its growing incompatibility with technical and economic requirements. Social pressure can lead to de-institutionalization when differentiation and fragmentation of an organization's members and environment lead to an erosion of institutionalized rules through a declining normative consensus and cognitively shared systems of meaning. Faced with such pressures for institutional erosion, actors may engage in various maintenance and repair activities to stabilize institutions (Suchman 1995a; Lawrence and Suddaby, in this handbook).

In combination, institutionalization and de-institutionalization provide powerful concepts for the analysis of institutional dynamics. These concepts have been revised and refined by various authors (Barley and Tolbert 1997, Seo and Creed 2002; Greenwood and Hinings 1996; Greenwood et al. 2002; Greenwood and Suddaby 2006; Suchman 1995b). They are now able to encompass pragmatic legitimacy based on self-interest, moral legitimacy based on normative approval as well as cognitive legitimacy based on comprehensibility and taken-for-grantedness (Suchman 1995a). Lawrence et al. (2001) include power, discipline and dominance as other sources of institutionalization that may lead to a variety of dynamics. The role of social movements in de-stabilizing institutional fields and transforming extant socio-economic practices has also been identified as important. It has been, for example, at the center of the study by Lounsbury et al. (2003) on the rise of a for-profit recycling industry in the United States. Social movements also played a key role in the emergence of international standards like ISO (Walgenbach 2000).

The common point of these process approaches is that they allow for contestation between various interested actors in the first two phases of the process and acknowledge the co-existence of different degrees of institutionalization (Jepperson 1991, Dorado 2005). This makes them attractive concepts for the analysis of institutional phenomena in the transnational sphere where struggles between different parties and a fair degree of institutions in the making are to be expected. So far, however, these processes have been rarely studied in

multinational organizations or in multi-jurisdictional and multi-layered institutional settings (see Suchman 1995b for an exception) which are likely to be characterized by parallel bottom-up and top-down processes of institutionalization and de-institutionalization.

Another contribution of organizational institutionalism is that if offers the tools to study cross-border diffusion of practices, templates and rules as sources of institutionalization and de-institutionalization. Diffusion can be based on structural relationships or on cultural media and artifacts. While one stream of organizational institutionalism has emphasized isomorphism, this does not mean that diffusion always leads to increasing similarity. The results of diffusion processes are indeed quite variable. Various reasons for this variability and divergence have been proposed, e.g., transmission mistakes (Zucker 1977) and socio-cultural differences. Westney (1987) showed that imitation always involves an element of innovation. Czarniawska and Sevón (1996), Sahlin-Andersson (1996) and Sahlin-Andersson and Engwall (2002) analyze the way in which transfers of management practices between different local contexts consist of translation and editing activities between different cultural and social contexts, and show that these translations may lead to rather divergent outcomes. In her analysis of the transfer of the US model of economic organization to Europe, Djelic (1998) highlights how geopolitical dependencies, transnational elite networks and the strength and type of resistance groups have led to different adaptations of the model in Germany, France and Italy. The extension and refinement of diffusion and transfer studies along these lines promises substantial contributions to questions about the degree to which increasing cross-border and global exchanges will give rise to homogenization, hybridization or continued variety of transnational institutional rules.

Finally, the concept of organizational field can be elaborated in ways that allow the integration of a transnational dimension into institutional analysis. In the original definition, organizational field refers to “organizations that in the aggregate constitute a recognized area of institutional life (DiMaggio and Powell 1991: 64f). While this concept usually applied to the isomorphic diffusion of organizational forms at a local or industry level, more recently it has been used to depict institutionalization processes that unfold around regulatory “issues” (Hoffman 1999) and “transnational governance” (Djelic and Sahlin-Andersson 2006). Several authors have called to give more attention to the relative openness of fields (Greenwood and Hinings 1996), their nestedness into wider institutional arrangements (Scott 2001) and the unfolding of contradictory logics within such fields (Seo and Creed 2002). Studies on the

emergence of new fields point to the importance of social movements (Lounsbury et al. 2003, Walgenbach 2000). Building on these treatments, Djelic and Sahlin-Andersson (2006: 18f) suggest that "transnational governance fields" are a pertinent unit of analysis to study multi-level institutional dynamics that unfold through various overlapping network relations across blurring territorial and jurisdictional boundaries and are driven by institutional forces that constitute a transnational meaning system.

Societal Institutionalism and the Challenge of Opening National Systems

The label 'societal institutionalism' refers to what is now a dense set of conceptual and empirical studies focusing on the historical emergence and contemporary structuring of national economies. Societal institutionalism has related the structures and strategies of firms, the relationships between different stakeholder groups, the roles of managers, the development and distribution of skills between various layers of employees to the distinct social and institutional settings in which firms operate. The institutions receiving most attention in societal institutionalism are the state, the financial, educational and training systems, the labour market regime and norms and values governing trust and authority relationships (Hall and Soskice 2001, Whitley 1999).

The main focus of societal institutionalism has been the systemic nature of national configurations of institutions. And a key preoccupation of that literature has been to show how those stable systems in turn shape and define national economic organisations and their self-reproduction. The picture has generally been one of multiple closed systems, where each national ensemble – institutions and organisations – functions in relative isolation from the others. Such a description of social and economic reality may hold as a kind of ideal type for the past – and even there with a varying degree of applicability in different historical periods. Quack (2006a), for example, argues that transnational influences significantly shaped German capitalism during its formative period. In the contemporary period, the notion of relatively closed business systems become even more obsolete because of the growing transnational interconnectedness of economic actors across the world and the emergence and strengthening of various forms of institutionalised rule systems at the transnational level (Brunsson and Jacobsson 2000, Djelic and Quack 2003, Drori et al. 2006, Djelic and Sahlin-Andersson 2006).

There have been a number of attempts to date to adapt the analytical framework of societal institutionalism in a way that can help meet the theoretical challenges raised by economic internationalization and transnationalization (for an overview, see Deeg and Jackson 2007). These attempts reflect essentially three main strategies. One path has been to call into question the conception of institutions as fully determining economic organisation and action. The idea, instead, is to highlight and look for the degrees of freedom that economic actors can enjoy within a given institutional framework. The focus, here, is on the existing and potential variety of strategies and behavioural patterns within a given society (Sorge 2000), on the multiplicity of institutional repertoires that co-exist and linger on in the background of any apparently dominant institutional frame (Crouch 2005, Morgan and Quack 2005, Schneiberg 2007) as well as on the tensions that can arise from the conflicting interests of different societal groups leading to contradictions within a particular societal system and potentially to institutional change (Almond and Rubery 2000; Quack et al. 2000). In his studies of the German biotech sector, Casper has made explicit this critique of societal institutionalism, suggesting that

> "static descriptions of existing institutional environments must be combined with micro-level accounts, tracing how firms, governments, and other actors within the economy experiment with, and at times re-configure, the institutional tool-kits at their disposal" (Casper 2000).

Such micro-level accounts can build upon various theoretical approaches. Where Casper (2000) turns to micro-economic theories to bridge the gap between dynamic interactions at the level of firms, regulators or policy makers and pre-existing institutional frames, we suggest that sociological approaches that highlight the creative dimension of social behaviour building on interactionism or ethno-methodology are other possibilities (Douglas 1986, Emirbayer and Mische 1998, Joas 1992).

A second route for adapting societal institutionalism has been to explore what happens when actors or organizations become involved in multiple institutional environments with different and sometimes conflicting rule systems. A particularly interesting laboratory here appears to be the multinational company and in recent years studies on its nature and development have flourished (Harzing and Sorge 2005, Lane 2000, Morgan et al. 2001, Morgan et al. 2005). The internationalisation of companies creates a 'battle-field' where different constituencies enter in conflict and negotiate (Kristensen and Zeitlin 2001, Sharpe 2001). Transnational transfers of business practices generally lead to hybridization of practices at the organisational level but

also of managerial 'mental maps' (Smith and Elger 2000, Lane 2000). In time, as Christel Lane (2001) argues in the case of German pharmaceutical companies, this can trigger a transformation of domestic institutions (see also Lane 2003, Vitols 2005a, b). Another important arena for contestion between competing institutional influences are global production networks (Lane and Probert 2006). When change in leading transnational companies reaches a critical mass, managers are encouraged or even required to press for institutional reforms at the national level. The adaptation of the theory here leads us well beyond the notion of isolated and self-contained national business system. We need to reconcile the idea of different systems with the reality of homogenizing pressures – the outcome being in general one form or another of hybridization or creolization.

A third path, still barely explored, would be to look at the transnational arena as an institutionalised or institutionalising space. Hollingsworth and Boyer (1997), for example, argue that social systems of production need increasingly to be seen as nested within a complex system of regional, national but also international arrangements. Whitley (2003) argues that since 1945 the international business environment has undergone a transformation from a particularistic logic to an increasing formalisation and standardisation of the rules of the economic game. So far, however, societal institutionalism has contributed little to our understanding of the processes leading to the emergence of new institutional arrangements in the transnational sphere. The few budding attempts, recently, at exploring this frontier have built in part upon different theoretical repertoires. Authors like Brunsson and Jacobsson (2000), Morgan (2001), Djelic and Bensedrine (2001) or Plehwe (2003) look at the actors, preconditions and mechanisms involved in the emergence and transformation of institutions in the 'transnational social space' (Morgan 2001). Djelic and Quack (2007) argue that the concept of path-dependency needs to be reconsidered in the context of open systems. Their analysis points to increasing co-evolutionary interaction between national path transformation and transnational path creation.

World system Institutionalism, Globalization – and their Limits

The label 'world-system institutionalism' refers to a now well-established tradition of cultural institutionalism. In that tradition, institutions are 'wider cultural and symbolic patterns', increasingly with a 'global' or transnational scope, that shape and to a large extent determine organizations, structures or actors and script behaviors and interactions (Meyer and Rowan 1977, Scott et al. 1994, Jepperson 2000a, b). Cultural processes with a transnational scope

explain to a significant extent changes in states, organizations or individual behaviors (Meyer et al. 1997).

World society is not only a society of empowered actors; it is a society permeated by and permeating actors with powerful cultural values or institutional frames (Meyer et al. 1997). These frames are shaped and diffused as global models and blueprints along which states (and other actors) are benchmarked and possibly transformed (Finnemore 1993). There is no global state but the alternative to state power is not anarchy and chaos. Meyer et al. (1997) convincingly argue that the cultural and institutional web characteristic of world society can be, at least in part, a functional equivalent to a centralized, state-like global power. The stateless but rational, organized and universalist character of world society may in fact add to rather than detract from the speed of diffusion and the global pervasiveness of standardized models and blueprints (Finnemore and Sikkink 1998).

This line of research and its elaborate theory of world society are enlightening. They bring cultural perspectives and explanations into the analysis of states, organizations and their transformation and provide evidence that actorhood is of the 'soft' kind – that is always itself embedded in cultural frames – and in fact empowered by those cultural frames. This line of research shows that the real sources of power and authority in our societies are cultural and diffuse rather than structural and centralized. Studies within this tradition show that states remain important regulators but that they are themselves embedded in, shaped and fashioned by a powerful world society and its associated institutional and cultural templates (Meyer et al 1997; Jacobsson 2006). This research has also contributed to our knowledge about key carriers of global models and blueprints (Boli and Thomas 1999, Finnemore 1996).

These studies, however, focus mostly on how global cultural models and institutional blueprints are diffused, potentially shaping localized discourse and/or structures and activities. We learn less on the construction, and negotiation of global cultural models or institutions. We also lack an understanding of actual processes and mechanisms of diffusion and local reception – where transnational institutional blueprints meet with local institutional traditions. Finally, there is room for more work – both empirically and conceptually – on carriers. There is an extremely rich and diverse pool of carriers out there that has only recently started to be studied in and for itself (Boli and Thomas 1999; Greenwood et al. 2002; Sahlin-Andersson and Engwall 2002; Djelic and Quack 2003; Djelic and Sahlin-Andersson 2006). Carriers are

often located at the interface of multiple sources of embeddedness. In particular, they often cross and overcome the national/transnational border and contribute to back and forth translation and negotiation (Campbell 2004). Studies combining an analysis of the activities and interests of carriers with an account of their institutional embeddedness (with sometimes multiple and conflicting sources of embeddedness) should help us capture power interplays and processes of interest formation in highly institutionalized settings with a transnational scope. They will also allow us to understand how transnational cultural models or institutions are negotiated, constructed, diffused and adapted through time – leading us well beyond the notion of institutional convergence.

Learning about Transnationalization from the International Relations Literature

The International Relations literature is an interesting tradition to explore when we think about transnationalization and its mechanisms. Traditionally, the perspective in political science and in the International Relations literature has been of a highly state-centered internationalization process (Martin 2005). If anything, the structure of the international sphere is given by and through negotiations between states and essentially reflects, at any given point in time, a particular balance of power. For some time now, though, a number of scholars within the International Relations community have contributed to an evolution of those state-centered perspectives in interesting directions.

A first line of reaction has been to point to the progressive 'retreat of the state' in a globalizing world (Strange 1996). Many contemporary regulatory reforms have been associated with privatization and the partial dismantling of public services and welfare states (e.g. Vogel 1996; Djelic 2006). In the process, states have in fact not withered away. Granted they may be changing, potentially quite significantly. As used by Majone (1996) and others, the concept of "regulatory states" points to a significant evolution of states and the way they control and influence activities and actors. Regulatory states are not less influential or powerful than more interventionist states but they are increasingly embedded in complex constellations of actors and structures (e.g. Higgott et al. 2000; O'Brien et al. 2000). As such, their input and identity is difficult to disentangle and separate from the inputs and identities of other actors involved.

Furthermore, it becomes less and less acceptable to treat states as monoliths. State institutions are complex patchworks and this complexity becomes all the more striking that the porosity

of state institutions has increased significantly albeit differentially. In fact, boundaries may now be tighter and more rigid between sectors of state administration than between particular state agencies and other actors in the same sector or field.

Along with the idea of a retreat and transformation of states, there has been a focus on the widespread expansion of various forms of private authority (Cutler et al. 1999; Hall and Biersteker 2002). There is an interesting parallel with pre-modern (i.e. pre-nation-states) times when private authority spanning local communities was widespread; the *lex mercatoria* (or merchant law) being a striking example (Berman and Kaufman 1978; Lehmkuhl 2003). The modern concept of private authority is wide and encompassing, referring to a multiplicity of rule-making and institution-building activities that emerge and are structured outside states.

Some contributions within the International Relations literature pointed already in the 1980s to the importance here of transnational social networks. Using the concept of "social networks" in its descriptive and first level sense, Kees van der Pijl and the Amsterdam school explored the sociology and political economy of transnational class formation (Van der Pijl 1984, 1998). They unearthed in the process important mechanisms of transnational governance that reproduced the class power of particular groups and associated structures of dominance – both reaching progressively a transnational scale and scope.

Haas (1989, 1992) also pointed to the importance of social networks as key mechanisms of governance crossing over state boundaries. Haas' concept of 'epistemic communities' makes reference to communities of expertise and practice that are increasingly transnational while individuals in those communities retain some form of local or national influence and authority (Haas 1992). This mix can allow those groups to be powerful mechanisms at the interface between transnational and national institutional spheres. The understanding of 'social networks' here is a sophisticated one. Epistemic communities are 'faceless' and members generally have direct interactions only with small subsets of the community. Those communities are nevertheless powerfully connected. More than through direct and regular contacts, the 'glue' is generated by common cognitive and value schemes, often associated with complex socialization processes and generally translated into 'expertise', shared interests and projects. It is interesting, here, to draw a parallel between this concept and the idea of 'carriers' as emerging in 'world-system institutionalism'.

More recent contributions talk about regulatory networks, underscoring the wide variety of public and private actors involved in rule-making, institution-building and monitoring. As Schmidt puts it, 'though the hangover of the traditional focus on the state's legal commands has been felt in the study of regulation, both European and American scholars of policy networks have advanced perspectives on regulation rooted more firmly in institutional dynamics and political behaviour' (Schmidt 2004: 276). The idea of regulatory networks points to complex interconnections between a multiplicity of individual and organizational actors – interconnections that can be direct or mediated. The idea also suggests organizational, cognitive and normative frames or arenas in which those interactions take place and are structured. Finally, with a focus on regulatory networks comes a question about their legitimacy and more generally about the legitimacy of private authority. With a broadening set of rule-makers and institution-builders, the way of authorizing rules and institutional frames is likely to broaden as well. Coercive rules that rest on the monopoly of states over legal authority and physical violence or on citizens' habitual obedience come to represent only one among several forms of authorization.

Building upon the richness of insights emerging from a confrontation of the different repertoires presented above, we sketch out below a theoretical frame that allows us to read the contemporary interaction between institutions and transnationalization. This frame has two main dimensions – firstly, we reinterpret transnationalization as institutional recombination and, secondly, we consider the impact of transnationalization on processes of institutionalization.

TRANSNATIONALIZATION AS INSTITUTIONAL RECOMBINATION

A core insight of institutional theory is that the patterning of social life is not produced solely by the aggregation of individual and organizational behaviours but also by institutions that structure and shape the interests, strategies and behaviours of social actors. Authors like Ann Swidler (1986) or Mary Douglas (1986), however, draw our attention to the fact that this institutional patterning is not fully deterministic. Institutions (or culture in the terminology of Swidler) provide 'tool kits' or repertoires from which actors can to some extent choose in order to construct their 'strategies of action'. The resulting variety in social behaviours generates a pool of alternative mental maps and patterns of behaviour, which under specific conditions can come to interact with each other and challenge existing institutions.

Where do Transnational Institutions come from?

In processes of institutional emergence, decline or change, new configurations are rarely created from scratch. Rather, the genesis of institutions in contemporary societies unfolds in general in a form that is closer to 'bricolage' than to *ex-nihilo* generation (Offe 1995, Hall and Taylor 1996, Campbell 1997, March and Olsen 1998). Actors build upon, work around, recombine, reinvent and reinterpret logics and institutional arrangements that function elsewhere and with which they are familiar. Within the context of nation states, the creation of new institutions is likely to be strongly influenced by the state, in the form of political actors or agencies (Clemens and Cook 1999). But even there, this should not blind us to the impact and significance of other actors.

The relevance of the idea of 'bricolage' (Douglas 1986) becomes only more significant when we look at processes of institutional emergence and institution building at the transnational level. We suggest, in fact, that turning our attention to the transnational level should go hand in hand with a refocusing away from the idea of institutional configurations to that of dynamic institutional recombination. Moving from institutions to institutionalization and thinking about the latter as a set of sequential stages – habitualisation, objectification and sedimentation (Tolbert and Zucker 1996) – suggests that the level of embeddedness and robustness of institutional rules will vary. Thinking about institutionalization as a process also implies to think in parallel about processes of de-institutionalization (Oliver 1992). It opens the door, as well, to the possibility of social intervention and hence agency. Institutions are not only constraining; they are also enabling. Institutions are not static systems; they are malleable processes.

Institution building in the transnational sphere involves multiple actors or groups of actors with mental and action maps originating from quite different institutional contexts. Very often, those originating contexts have a societal or national character (Morgan 2001, 2000b). Hence, the process of institution building at the transnational level cannot be conceived in total isolation and abstraction from national institutional contexts. Multiple national actors extend their national contextual rationalities into the international sphere where they interact, confront and negotiate with each other. Those participants may become involved in institution building in a newly emerging transnational sphere (McNichol and Bensedrine 2003, Engels 2006). Or they may be playing a part in reforming, renegotiating and transforming existing

transnational institutional arrangements as motivations, power relations and conditions change over time (Lehmkuhl 2003, Botzem and Quack 2006). Through time, repeated interactions and the building up of a transnational frame, a number of actors may be emerging that have a transnational – in the sense of not purely national – identity or sense of self.

Historical Scenarii – Transnational Organizations or Regional Federations

Historically, a first and obvious scenario for institution building in the transnational arena has been the formal setting up of a transnational organization. This, naturally, is an old scenario and, with a little bit of a stretch, the Roman Catholic Church could be used as an illustration, and a successful one at that. Without going that far back into history, a number of other examples come to mind. The League of Nations was an important ancestor, although with little impact ultimately (Murray 1987, Knock 1995). In the years following 1945, the project of structuring the transnational space around transnational organizations regained strength after nearly two decades of strong nationalism and protectionism. The United Nations and its various divisions, the Organization for European Economic Cooperation (OEEC later to become the OECD), the International Labour Office (ILO), the International Monetary Fund (IMF) or the World Bank and the General Agreement on Tariffs and Trade (GATT, later to become the World Trade Organization) all proceeded from the same logic.

These organizations all had a centralized core, in charge of setting the rules and building institutions at the transnational level. And this centralized core directly reflected the interests of national member states – as conveyed by public or semi-public types of actors such as representatives of particular national governments and polities. In that context, such transnational organizations were in fact little more than the tools of particular nation-states and governments, mirroring at any point in time the existing geopolitical balance of power. In time, however, the technocratic elite in charge of everyday monitoring and management could evolve its own identity that could then not be fully reduced to any single national logic.

These types of transnational organizations have been more or less successful in their attempt at setting the rules of the game on a transnational scale. The more successful – the IMF, the World Bank and probably also the GATT or later the WTO – have been those with some control over compliance and with sufficient means to monitor that the rules they are building are indeed being implemented. Control could stem from a degree of dependence of member

states on transnational organizations as well as from the capacity these organizations may have to associate rewards with compliance and sanctions with non-compliance.

A second scenario for institution building in the transnational space follows from the temptation to create a supranational market, or even a supranational state or nation. With a little bit of a stretch, once again, and some degree of historical anachronism since a number of them were constituted before the emergence of the nation-state, empires are the materialisation of such a temptation. In our modern age, the most obvious illustrations of this second scenario are constructions such as the European Coal and Steel Community (ECSC), the European Economic Community (EEC) or the European Union (EU). There are signs that NAFTA may also be travelling that road.

Here again, the process of rule-setting and institution building stems from a political, top-down kind of initiative. Public or semi-public actors, governments or their representatives are instrumental in that process even though they may not always be as predominant as in the first scenario. The scope and reach of those centrally engineered constructions goes well beyond, in general, the scope and reach of transnational organizations. The new rules and institutions are enforceable, in the sense of them being formally and efficiently associated with enforcement mechanisms that put member states under strong pressure to comply. In fact, the reality and strength of enforcement mechanisms combined with the scope of the domain controlled might be the key differentiating features between this type of supranational constructions on the one hand and transnational organisations on the other. A supranational construction such as the European Union is indeed characterized by the strength of enforcement mechanisms and thus by its potential clout and impact over member nations and states. One type of enforcement mechanisms are direct controls associated positively with rewards and negatively with sanctions. Another type of enforcement mechanism is the reliance on voluntary compliance where member states are aware of the overall benefits they draw from belonging to the supranational construction and, conversely, realize the dangerous consequences of not respecting the terms of a contract they entered of their own will.

Self-regulating Communities: Scenario of the Future?

There is, we propose, a third scenario for institution building in the transnational space to which we associate the label ‘self-regulating transnational communities’. This scenario has become progressively more widespread in recent years. In this third scenario, all actors

concerned by a particular type of transnational activity come together, often in non-structured and rather un-formalized settings, elaborate and agree upon collective rules of the game (Morgan and Engwall 1999, Cutler et al. 1999). In contrast to the first two scenarii, public or semi-public actors might be involved in rule setting but they are not the only ones. In fact, private actors might take the initiative and be quite instrumental for the elaboration of rules and the building of institutions as well as for monitoring compliance (McNichol and Bensedrine 2003, Botzem and Quack 2006).

Another difference with the two previous scenarii is that the logic at work is not external control but rather self-discipline or self-regulation. Instead of waiting for public actors to impose an institutional frame and thus orient private action, the actors concerned and in particular non-governmental and private actors, take the initiative and set their own rules. Within an arena or a field of transnational activity lacking initially in structuration, all concerned actors collaborate in building institutional arrangements that will constrain their own actions, behaviours and interactions. The process is one of voluntary and relatively informal negotiation; the emerging structural arrangements are relatively amorphous, fluid and multifocal in nature.

Self-disciplining transnational communities of that sort tend to rely on two main categories of enforcement mechanisms. One is voluntary compliance; compliance this time not only of national states and governments but directly of all actors involved in the process. Compliance is voluntary for the main reason that these actors define the rules themselves and inflict upon themselves the institutional constraints that will bound their actions and interactions. A second enforcement mechanism, socialization, can be identified – although probably more as a potential and an objective than as an already existing and concrete reality. Indeed, socialization can only emerge as an enforcement mechanism at a later stage. Rules and institutions have to be constructed and agreed upon (the habitualisation or pre-institutionalisation stage identified above), actors have to function within that frame for a while (objectification), before the double process of socialization and self-reproduction through socialization can really become operative (sedimentation). The advantage of socialization as an enforcement mechanism is the decreasing need for direct controls and thus for both external rewards and sanctions. Actors socialized through a particular institutional frame or within a particular set of rules become their own watchdogs. Ultimately, this

institutional frame will have a tendency to become neutral and transparent for those actors who function within the space it structures.

This third scenario for institution building at a transnational level is not new. As argued by Lehmkuhl (2003) for example, the structuring of commercial arbitration at the transnational level by actors themselves – and in particular by private actors – has existed for a long time. One could also argue that international cartels, particularly during the interwar period or even after in some industries (Cutler et al. 1999, Glimstedt 2001, Lilja and Moen 2003), fit within this type of scenario. While that scenario is not new, it has recently been going through a period of 'revival' after long decades when national states had all but established a monopoly over the handling of transnational issues and spaces. Many nongovernmental organizations have been established that engage in standard setting, accreditation and other forms of soft regulation for others. Large multinational firms, particularly in professional services, have become rule-setters and rule-developers of their own (Quack 2006b; Morgan 2006). Informal regulatory networks such as the International Competition Network (Djelic and Kleiner 2006) are increasingly exerting influence on national regulators. We propose, in fact, that there has been an historical evolution overall, since 1945, in terms of which scenario has been predominant. The early period, in the years following the war, was characterized by the multiplication of transnational organizations. Then came supranational constructions, particularly in Western Europe. This naturally, is still going on. At the same time, empirical evidence points for the recent period increasingly in the direction of a greater role and place for self-disciplining transnational communities (Braithwaite and Drahos 2000, Brunsson and Jacobsson 2000, Djelic and Quack 2003, Djelic and Sahlin-Andersson 2006).

Transnational Recombination: Mode and Nature of the Process.

In each of these three different scenarii, transnational institution building can be analyzed as a process of reinterpretation, recombination and bricolage from institutional fragments with different contextual origins. We suggest that there are three different modes in which the rubbing, contestation and recombination of different institutional fragments can take place at the transnational level.

A first, obvious, mode we label here 'dominant'. In that mode, the building of institutions at a transnational level simply reflects one dominant local or national model. Rules and institutions originating from one particular national space thus shape in a rather direct way the

transnational space. In a second stage, this local turned transnational model is bound to have an impact on a number of other national institutional configurations as we will argue below. This overall process generally reflects the objective and/or perceived strength of the 'dominant' nation, which itself depends upon a combination of economic, military and geopolitical factors with some degree of ideological propping up. Undeniably, since 1945, this role of 'dominant' nation has been played by the United States and this particular mode of recombination can be referred to as a process of Americanization (Djelic 1998, Whitley 2003, Djelic and Quack 2003; Djelic and Sahlin-Andersson 2006).

A second mode emerges that we label the 'negotiated mode'. Institution building in the transnational space can come about through the confrontation or 'rubbing against each other' of multiple locals or nationals, leading to what can be described as a process of negotiation. This dimension of negotiation is documented in a number of recent empirical contributions (eg. McNichol and Bensedrine 2003, Ventresca et al. 2003, Botzem and Quack 2006). At the same time, if we look at then more closely, empirical situations often illustrate in fact the interplay between the 'negotiated' and the 'dominant' mode. All participants to the negotiations are not created equal and some of them may loom significantly larger than the others in the process. This underscores the ideal-typical nature of the different modes we identify and the likelihood that they will co-exist and interact in real-life contexts. In fact, while situations of negotiation are rarely perfectly balanced, a situation of dominance is on the other hand rarely so extreme as to leave no space for at least partial negotiation. In the context of what was described above as 'Americanization', for example, what many empirical studies show is the concomitant partial alteration, translation and negotiation of the 'dominant' model when it comes into contact with previously existing and established national institutional configurations (Djelic 1998, Zeitlin and Herrigel 2000, Amdam et al. 2003).

Common to illustrations of both the 'dominant' and 'negotiated' modes is the fact that the actors involved – whoever and whatever they are – remain strongly embedded in and shaped by the institutional contexts of their home countries. These actors tend in fact to extend the actions and strategies used in that context and shaped by it to the transnational arena. This, however, is not necessarily always the case. The involvement of actors in processes of transnational institution building can – particularly if sustained and recurring over longer periods of time – lead to a blurring of identities, particularly national ones (Morgan 2001). Once transnational arenas have been structured for a little while, once transnational

institutions and rules of the game shape behaviours and interactions, some of the actors concerned come to be more directly affected by these transnational institutions than by the institutions of the country they may originate from. New actors may also sprout up and the only referent for these new actors will be the embryonic transnational institutional context in which they were born (e.g. some transnational NGOs, lobbying organizations created at the European level, see Salk et al. 2001).

Any further process of transnational institution building in that context cannot anymore fit under the categories of either the 'dominant' or the 'negotiated' mode. What takes place then is what we label, for lack of a better word, an 'emergent' process. Multiple actors with no clear identities and functioning themselves at the interface of multiple rule systems, come in collision with each other. If we are to follow the metaphorical use of chaos theory in social sciences, the result in this case is bound to be unpredictable (Thietart and Forgues 1995). We call this result an 'emergent' construction.

The three modes identified here are clearly ideal types. There is bound to be, in other words, interaction and interplay between them in real life situations. At the same time, we suggest that there has been a shift over time in their relative importance as a mode of transnational institution building or recombination. This shift parallels to quite a degree the evolution, in terms of scenario, that was identified above. In the immediate post-World War II years, we have argued, the main scenario for transnational institution building was the setting up of transnational organisations. During this period, the dominant mode – one national model, the American one, imposing itself on a transnational scale – was all but overwhelming. The dominant mode has not entirely disappeared with the attempts at supranational construction. But such projects, by their very nature, meant and required some degree of negotiation between the several member nations that were shaping them, generally on a world regional basis. Finally, the move towards the third scenario – transnational institution building by self-disciplining transnational communities – coincides quite closely with the slow assertion of an emergent mode. It seems furthermore to fit particularly the case of transnational institution building across world regions – in what gets close to being a 'global' space.

TRANSNATIONALIZATION AND ITS IMPACT ON INSTITUTIONS

Ongoing processes of institutional recombination at the transnational level, as described in the previous section, have a high potential to challenge and undermine institutional stability and identical reproduction at the national level. Transnational institutional frames in the making are likely to challenge, to confront and to change – even though slowly and incrementally – national institutional systems. They can do so through direct impact – what we call here 'trickle-down' effects or mechanisms. When transnational organisations or supranational constructions (e.g. the WTO, the IMF, NGOs, multinational firms or the European Union) exert pressure directly at the national level on member governments to redefine national rules of the game, then we have what we call 'trickle-down' effects or mechanisms.

The impact can also be more indirect. Through cross-national interactions at subsocietal or meso levels – sectors, industries, professions or even from region to region – actors are being drawn into social spaces that extend well beyond their national context of origin. In that process, those actors are likely to be confronted with and to have to function within sets of rules that may be quite different from those of their country of origin. Subsocietal actors become the vectors and transmission belts through which those new rules are brought into a given national space. In certain circumstances, those subsocietal actors may be more than mere messengers. They may become real mediators and contribute to pushing those new rules up towards the national institutional level, fostering in the process a transformation of the national business system or of the national business rationality. This path or pattern we associate with 'trickle-up' effects or mechanisms.

Trickle-down trajectories

The challenge, naturally, may come from transnational organisations or supranational constructions. Those organisations and constructions quite often turn out to be rule-making bodies and some of them have gained significant and direct influence over national polities. This is clearly the case with the European Union. In recent years, the impact of the European Union has been the object of an increasing number of studies (Leibfried and Pierson 1995, Fligstein and Mara-Drita 1996, Sandholtz and Stone Sweet 1998, Plehwe 2001). With respect to the economic realm, other transnational organisations such as the International Monetary Fund (IMF), the World Bank, the European Bank for Reconstruction and Development (EBRD) or the World Trade Organization (WTO) should be mentioned. These organisations contribute to the diffusion of particular rules of the game, which are likely to collide with incumbent rules or practices in any given national space.

Less attention has been paid to the scenario where challenger rules emerge from a transnational space lacking formal structure and being, as a consequence, less visible. What we have said above about self-disciplining transnational communities indicates that rule setting and rule making can also take place in transnational fields or arenas lacking structuration in relative terms. Actors – all kinds of actors, from private firms to consumers, lobbies, nongovernmental organisations (NGOs) or state representatives – come together to negotiate and agree on rules of the game. Examples can be found in the regulation of financial markets (Morgan 2001, Ventresca et al. 2003), accounting standards (Botzem and Quack 2006), international commercial arbitration (Dezalay and Garth 1996, Lehmkuhl 2003), or competitive conditions (Djelic and Kleiner 2006). Those rules of the game are institutions, to the extent that they structure action and economic activity. For the most part, those are cognitive and normative institutions (Meyer and Rowan 1977). The rules that emerge or are negotiated in that context are essentially norms that are enacted, appropriated and enforced by the actors themselves (Brunsson and Jacobsson 2000). The structural apparatus – formal organisation, legislation or coercive machinery – comes if at all in support of those norms.

Once transnational institutions or rules are there or in the making, the question moves to the conditions in which they may come indeed to trickle-down to the national level with a potentially significant impact upon incumbent national institutions. One important variable appears to be the degree of centrality of a particular country, through its private and public representatives, in the process of construction and stabilisation of transnational rules. It seems fair to differentiate between at least three main groups of countries in that respect.

The first group is a little peculiar; it is a one unit sample. The United States plays quite a unique role even though it does not always manage to impose the solution that will best serve its interests. An explanation to that special place and role lies in the unique position of geopolitical dominance that has characterised the US after 1945 (Djelic 1998, Braithwaite and Drahos 2000). Through its private and public representatives, that country has often been guiding and structuring the process of construction and stabilisation of transnational rules in a more or less direct and visible manner, at least since 1945. A second group is made up of a few core (and rather rich) countries, which are proactive and quite involved in trying to shape the process. The third group finally is the larger one and brings together those countries with a more passive connection to the process.

Empirical evidence seems to show that compliance may be more regular, once the rules have been agreed upon, within the second group of countries, rich core countries. In the third group of countries, those that are more passive in the process of transnational institution building, appropriation seems to be more of an issue. The process is likely to be slower with a greater distance between the world of discourse and formal institutions and the world of action and practice that will remain very much structured by traditional patterns (Meyer et al. 1997a, Meyer et al. 1997b). In the case of the United States, compliance appears on the other hand quite irregular and changing (McNichol and Bensedrine 2003, ENS 2001, Libération 2002). The profound geopolitical imbalance in favour of the US increases the degrees of freedom of that country regarding compliance with transnational rules even when it has played a significant role in the process of construction and elaboration of those rules.

Other variables with an impact on trickle-down trajectories are the nature of incumbent rules and the degree of dependence of a particular country on external players. We hypothesise that a country where local rules are weak, either because they lack legitimacy, have proven inefficient or a hindrance, are altogether absent or still at a pre-institutionalisation stage, creates more space for rules constructed at a transnational level to trickle-down. This can only be reinforced in situations of dependence, where a country for example sees the granting of financial assistance it badly needs being conditioned upon compliance to a set of transnationally defined rules (Djelic 1998). This is not, after reflection, in contradiction with our precedent finding. Weak countries tend to belong to the group we have defined above as ‘passive’. Weakness and dependence may compensate in part for passivity, which might lead to more rapid formal compliance than expected. Quite often, however, a significant gap will remain between the world of discourse and formal institutions on the one hand and the world of practice on the other (this finds confirmation in earlier work by sociologists of global society, e.g. Meyer et al. 1997; Boli and Thomas 1999, Meyer and Ramirez 2000). The former might indeed be affected through a trickle-down trajectory by transnational challenger rules. The latter will tend to stay, at least for a while, embedded in local traditions and national institutional legacies. A special and quite different case of dependence should be added and mentioned here. Direct political dependence of national countries on a supranational construction, such as is the case in the European Union context, is an obvious path for trickle-down mechanisms. This situation naturally creates conditions where the rules defined at the

supranational level are likely indeed to have a rapid and significant impact at the national level.

Trickle-up trajectories

Threats and challenges to national institutional systems may also come from below, from subsocietal or subnational levels. Such 'trickle-up' trajectories can be of two kinds. First, national actors crossing national borders may find that the rules of the game with which they are familiar come into collision and sometimes even are in contradiction with rules of the game dominant elsewhere. Those national actors could be individuals, groups of individuals, firms, associations or networks of firms. This type of scenario will be all the more widespread that the internationalisation of economic activities and of exchanges in general is becoming increasingly dense and intense.

The opening up of national economies may stimulate a second scenario that is parallel but goes the other direction. Foreign actors move into a given national space with rules of the game that are quite different from those of local actors. A variant of that scenario is when the champions of challenger rules on the local or national scene are themselves locals or nationals who are pushing for new rules of the game in order to carve a space for themselves. What this is all about is the attempt by new or emerging actors, whether local outsiders or foreign entrants or even a combination of both, to redefine rules of the game in an industry or impose 'new' ones in order to enter the field and the game and to reshape it to their advantage (Djelic and Ainamo 1999, Lane 2001, Kleiner 2003).

Various empirical studies show how this encounter between incumbent and challenger rules plays out at subsocietal levels, whether at the level of the firm (Lane 2000, Tainio et al. 2001), at the level of an industry (Lilja and Moen 2003), an organisational field (Kleiner 2003) or at the level of a profession (Quack 2006b, Quack forthcoming, McKenna et al. 2003). This interplay at the subsocietal level is not neutral for national institutions. Rules of the game may change at the subsocietal level well before this is institutionalised at the national level. But transformations at the subsocietal level may also reverberate in time at the national institutional level. The decision by the German government in 2001 to create a Kodex-Kommission in charge of 'modernising the rules and practices of German capitalism' is a clear case of such a process of post hoc 'regularisation' (Le Monde, 7 November 2001). The object of this commission was to take stock of changes that had already redefined the German

economic game and to institutionalise them at the national level. This raises questions about the conditions in which contestation and transformation of incumbent rules of the game at the subsocietal level are likely indeed to reflect and impact at the national level.

One such condition seems to be the central position and overall leverage of the subsocietal actors concerned by or involved in the collision of rules. Changes within core and strategic firms or industries are more likely, ultimately, to have some impact on national level institutions. This appears to be particularly true in smaller countries as shown by the cases of Nokia in Finland (Tainio et al. 2001) or of the forest industry in Norway and Finland (Lilja and Moen 2003). In smaller countries, core firms or industries have proportionally more clout, strategic importance but also leverage which could explain their more direct impact.

Other important conditions are the strength and legitimacy of those outsiders championing and pushing for challenger rules. In that respect, Anglo-Saxon players benefit from something akin to a 'trademark' advantage in professional fields such as corporate law or management consulting as well as in other activities related to banking or financing. This allows them to be more forceful and convincing in the promotion of their own sets of rules of the game. Naturally, the strength and legitimacy of those outsiders and challengers will be more or less filtered and mitigated by the existence and embeddedness of local incumbent rules. Local appropriation will likely be more complex and contested in situations where incumbent rules already exist and are deeply embedded – when, in other words, local institutional rules have already entered the phase of sedimentation.

Another condition seems important that is not unrelated to those identified above. The greater the shock or the more intense the collision, the more likely it will reverberate at the national level. The collision will be more intense if subsocietal actors – firms, industries, professions or even possibly regions – lack protective buffers or else are in a situation of perceived and self-acknowledged crisis. The lack of protection can be due to the immaturity of the local field. It can be strategically engineered, either by political authorities or by the actors themselves, through deregulation for example or a lowering of trade or other protective barriers (Djelic and Ainamo 1999). It will also be related, naturally, to the strength of the push coming from outsiders and challenger rules. A perceived and self-acknowledged situation of crisis will tend to correspond, on the other hand, to a high degree of dissatisfaction with incumbent rules, either because these rules do not seem to coevolve with environmental

conditions and/or because they narrow the opportunities of local and incumbent actors in a changing world.

We argue that under these conditions – or a subset thereof – transformations in rules of the game that were initially happening at a subsocietal level are likely to have an impact and reverberate, after a while, at the national level.

Conclusion

In this chapter we have explored the interactions between institutions and transnationalization. An important layer of institutions with transnational scope has emerged since World War II and plays an increasing role in the governance of economic relations. We need new categories and analytical tools to accurately characterize these institutions and their impact on institutional change at the societal level. Comparing, contrasting and building upon four existing theoretical approaches, we move towards a theoretical model that accounts for interactions between institutions and transnationalization. This model consists of two related anc complementary arguments.

Firstly, transnational institution-building can be defined as a process of institutional recombination that involves elements of different national and local institutional arrangements. We have identified different scenarios and modes of institutional recombination at the transnational level out of which self-disciplining transnational communities with emergent modes of institution-building seem to have become more widespread in recent years. Secondly, processes of institutional recombination have a high potential to challenge and undermine institutional stability at the national level through trickle-down and trickle-up effects. Trickle-down processes can directly influence governments to redefine legal rules of the game at the national level. Trickle-up effects may infiltrate societal rule systems from the bottom up through cross-border interactions between economic actors, social movements and other stakeholders at the organizational field, industry or sectoral level. Encounters between challenger and incumbent rules may lead to new forms of institutional recombination at these levels. They are likely to impact on national rules systems if there is a central and strong position of the transformed institutional field with respect to the overall society, a high legitimacy of outside challenger rules and/or a lack of protection of incumbent rules because of the immaturity of or a crisis in the field.

Our findings suggest that economic and social behaviors are increasingly shaped by the interactions between national and transnational institutional orders; at the same time, actors at both levels are engaged in processes of institutionalization and de-institutionalization that may redefine the carriers, forms and modes of this interaction. Consequently, institutional theory and research must consider the possibility that multiple layers of institutions and institutionalization may be relevant for the subject under study, and that change processes result from complex and combined processes of institutionalization, de-institutionalization, and re-institutionalization. For institutional research, this has conceptual, methodological and empirical implications that we would like to elucidate, particularly as they relate to organizational institutionalism, the subject at the heart of this handbook.

At the conceptual level, our analysis suggests that institutional systems should be conceived as open systems that are linked to each other through cross-border interactions between various actor groups. The boundaries of these systems are permeable, and the different rule systems are likely to diffuse in both directions. Social actors are embedded in locally and temporally specific institutional rules of the game. At the same time, they become increasingly able to develop horizons of meaning and action that reach beyond their local institutional settings. Problems and conflicts between different institutional logics at the organizational, societal and transnational level should therefore be considered as a major source of institutional change. So far, however, we know relatively little about the specific dynamics of change within and between these different institutional layers. More analytical concepts that integrate structural features of these different layers with relational and process approaches need to be developed in order to discern the interactions between the different layers. This new analytical framework must give more attention to interactions between cognitive, normative and regulatory mechanisms of institutionalization and de-institutionalization and to the specific types of legitimacy that they draw on. Institutional rules of the game at the societal (generally national) level are often backed by legal or regulatory instruments relating to the legitimacy of a democratically elected government, whereas institutionalization at the transnational level relies more strongly on cognitive and cultural processes of imitation, socialization and adaptation. Problems and conflicts between different forms of legitimacy that require resolution can therefore be expected. So far, organizational institutionalism studies have concentrated on the organization and organizational field level. In future research, organizations and organizational fields need to be conceptualized as social

orders that are interlinked to a variable degree with institutional rule systems at a higher aggregation level. This may be the national level, but also the transnational level.

Institutional research methodologies and empirical work must better reflect the multilayered nature of institutional orders using a three-point strategy. Firstly, the research design should better consider the possibility of a nested hierarchy of institutional contexts. Currently, the level of analysis (i.e., the organization or organizational field) is often presented as a starting assumption that rarely is justified in the research paper. It would be useful to have research hypotheses explaining why a particular level or interaction between levels was selected as the object of analysis. Given the mutual interaction and diffusion between institutional orders, it would be also helpful to have hypotheses explaining the points of openness and closure to external influences of an institutional layer to other layers rather then assuming that the defined level of an institutional system (e.g., the organizational field or national level) is encapsulated from the rest of the world (see Crouch 2005: 158; Scott 2001).

Secondly, methodologies should be reoriented in order to develop appropriate research designs for analyzing the interactions between national and transnational institutions. Global diffusion pattern studies and comparative analyses of societal institutional systems do not cover the interactions between different institutional layers as such. Both neglect cross-border interactions and the mutual interdependence and co-evolution of national and transnational institutions that may result from these interactions. The emergence of new analytical models that assess the emergence of transnational regulatory or issue fields from a process perspective and combine these with a comparative analysis of the institutional orders from which the participants in these fields originate and which in turn may be affected by the development of transnational rule setting is a promising development.

Thirdly, organizational institutionalism researchers could make more valuable contributions by employing the available tools for analysis of global and transnational forms of organization, ranging from multinational enterprises and financial and knowledge intermediaries to more loosely connected communities and networks and their involvement in processes of institution-building and institutional change. In this way, the results of organization studies could promote a better understanding of the role of organizations as vehicles of transnationalization (see also Drori et al. 2006) and enrich the international relations literature with in-depth analyses of how processes of dominance, negotiation and

emergence within international organizations impact on the wider institutional environment. At the same time, organizational studies could also help to improve the current understanding of processes related to local interpretation and translation of global and transnational institutional rules by analyzing them as nested layers of an institutional framework.

REFERENCES

Amdam, Rolv Petter, Ragnhild Kvalshaugen and Eirinn Larsen (eds) (2003), Inside the Business Schools. Oslo, Norway: Abstrakt Press.

Almond, Philip and Jill Rubery (2000), 'Deragulation and societal systems', in Maurice and Sorge (eds), pp. 277-293.

Barley, Stephen and Tolbert, Pamela S. (1997), 'Institutionalization and Structuration: Studying the Links between Action and Institution', Organization Studies 18: 93-117

Barnard, Chester I. (1938), The Functions of the Executive. Harvard, MA: Harvard University Press.

Berger, Peter and Thomas Luckmann (1967), The Social Construction of Reality. New York: Doubleday.

Berman, Harold and Colin Kaufman (1978), 'The Law of International Commercial Transactions', Harvard International Law Journal 19(1): 221-77.

Blau, Peter M. (1955), The Dynamics of Bureaucracy. Chicago: University of Chicago Press

Boli, John and George M. Thomas (eds) (1999), Constructing world culture. International nongovernmental orgnizations since 1875. Stanford, CA: Standford University Press.

Botzem, Sebastian and Sigrid Quack (2006), 'Contested Rules and Shifting Boundaries: International Standard-setting in Accounting', in Djelic and Sahlin-Andersson (eds), pp. 266-86.

Braithwaite, John and Peter Drahos (2000), Global Business Regulation. Cambridge, UK: Cambridge University Press.

Brunsson, Nils and Bengt Jacobsson (2000), A World of Standards. Oxford, UK: Oxford University Press.

Campbell, John (1997), 'Mechanisms of Evolutionary Change in Economic Governance: Interaction, Interpretation and Bricolage', in Magnusson Ottosson (eds), pp. 10-32.

Campbell, John (2004), Institutional Change and Globalization. Princeton: Princeton University Press.

Casper, Steven (2000), 'Institutional adaptiveness, technology Policy, and the diffusion of new business models: The case of German Biotechnology', Organization Studies, 5, 887-914.

Clemens, Elizabeth and James Cook (1999), 'Politics and Institutionalism: Explaining Durability and Change', Annual Review of Sociology, 25, 441-466.

Crouch, Colin. (2005), Capitalist Diversity and Change. Oxford: Oxford University Press

Cutler, A. Claire, Victoria Haufler and Tony Porter (eds) (1999), Private Authority in International Affaires, New York: State University of New York Press.

Czarniawska, Barbara and Sevón Guje (eds) (1996), Translating Organizational Change. Berlin and New York: Walter de Gruyter.

Deeg, Richard and Gregory Jackson (2007), 'Towards a more dynamic theory of capitalist variety', Socio-Economic Review 5(1) 149-179.

Dezalay, Yves and Brian Garth (1996), Dealing in Virtue. Chicago and London: The University of Chicago Press.

DiMaggio, Paul J. (1988). 'Interest and Agency in Institutional Theory', in Zucker (ed), pp. 3-21.

DiMaggio, Paul J. and Walter W. Powell (1983), The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. American Sociological Review 619-637.

DiMaggio, Paul J. and Walter W. Powell (1991), 'Introduction', in DiMaggio, Paul J. and Walter W. Powell (eds), pp. 1-38.

Djelic, Marie-Laure (1998), Exporting the American Model. Oxford: Oxford University Press.

Djelic, Marie-Laure (2006), 'Marketization: From Intellectual Agenda to Global Policy Making', in Djelic and Sahlin-Andersson (eds), pp. 53-73.

Djelic, Marie-Laure and Antti Ainamo (1999), 'The Coevolution of New Organizational Forms in the Fashion Industry : A Historical and Comparative Study of France, Italy and the United States', Organization Science, 10(5), 622-637.

Djelic, Marie-Laure and Jabril Bensedrine (2001), 'Globalization and Its Limits: The Making of International Regulation', in Morgan, Kristensen and Whitley (eds), pp. 253-280.

Djelic, Marie-Laure and Sigrid Quack (eds) (2003), Globalisation and Institutions – Redefining the Rules of the Economic Game. London: Edward Elgar.

Djelic, Marie-Laure and Sigrid Quack (2007), 'Overcoming path dependency: path generation in open systems', Theory and Society, DOI 10.1007/s11186-007-9026-0.

Djelic, Marie-Laure and Thibaut Kleiner (2006), 'The International Competition Network: Moving towards Transnational Governance', in Djelic and Sahlin-Andersson (eds), pp. 287-307.

Djelic, Marie-Laure and Kerstin Sahlin-Andersson (eds) (2006), Transnational Governance. Cambridge: Cambridge University Press.

Dorado, Silvia (2005), Institutional Entrepreneurship, Partaking, and Convening. Organization Studies, 26 (3), 385-414.

Douglas, Mary (1986), How Institutions Think. Syracuse University Press.

Drori, Gili, John Meyer and Hokyu Hwang (eds) (2006), Globalization and Organization. Oxford: Oxford University Press.

ENS (2001), 'US pulls out of Kyoto Protocol', Environment News Service, 28 March, Washington DC, http://ens.lycos.com/ens/mar2001/2001L-03-28-11.html.

Emirbayer, Mustafa and Ann Mische (1998), 'What is Agency?', American Journal of Sociology 103 (4), 962-1023.

Engels, Anita (2006), 'Market Creation and Transnational Rule-Making: The Case of CO2 Emissions Trading', in Djelic and Sahlin-Andersson (eds), pp. 329-48.

Finnemore, Martha (1993), 'International Organizations as Teachers of Norms', International Organization 47: 567-97.

Finnemore, Martha (1996), 'Norms, Culture and World Politics: Insights from Sociology's Institutionalism', International Organization 50: 325-47.

Finnemore, Martha and Kathryn Sikkink (1998), 'International Norm Dynamics and Political Change', International Organization 52(4): 887-917.

Fligstein, Neil (1997), 'Social skill and institutional theory', American Behavioral Scientist, 40: 397-405.

Fligstein, Neil and Iona Mara-Drita (1996), 'How to Make a Market: Reflections on the Attempt to Create a Single Market in the European Union', American Journal of Sociology, 102(1): 1-33.

Glimstedt, Henrik (2001), 'Between national and international governance: Geopolitics, strategizing actors, and sector coordination in electrical engineering in the interwar era', in Morgan et al. (eds), pp. 125-152.

Gouldner, Alvin W. (1954), Patterns of Industrial Bureaucracy. New York, London: The Free Press.

Greenwood, Roysten and Hinings, C. R. (1996), 'Understanding radical organizational change: Bringing together the old and the new institutionalism', Academy of Management Review 21: 1022-54.

Greenwood, Royston and Roy Suddaby (2006), Institutional entrepreneurship in mature fields: The big five accounting firms, Academy of Management Journal 49 (1), 27-48.

Greenwood, Royston, Roy Suddaby and C. R. Hinings (2002), 'Theorizing Change: The Role of Professional Associations in the Transformation of Institutionalized Fields', Academy of Management Journal 45(1): 58-80.

Haas, Peter (1989), 'Do Regimes Matter? Epistemic Communities and Mediterranean Pollution Control', International Organization 43(3): 377-403.

Haas, Peter, (1992), 'Introduction: Epistemic Communities and International Policy Coordination', International Organization 46(1): 1-35.

Hannerz, Ulf (1996), Transnational connections. London: Routledge.

Harzing, Ann-Will and Arndt Sorge (2003), 'The Relative Impact of Country of Origin and Universal Contingencies on Internationalization Strategies and Corporate Control in Multinational Enterprises: Worldwide and European Perspectives', Organization Studies 24, 2, 187-214.

Hall, Peter and David Soskice (eds) (2001), Varieties of Capitalism. Oxford: Oxford University Press.

Hall, Peter and Rosemary C. R. Taylor (1996), 'Political Science and the Three New Institutionalisms', Political Studies XLIV: 936-57

Hall, Rodney B. and Thomas J. Biersteker (eds) (2002), The Emergence of Private Authority in Global Governance. Cambridge: Cambridge University Press.

Higgot, Richard A., Geoffrey R. D. Underhill and Andreas Bieler (2000), Non-State Actors and Authority in the Global System. London: Routledge.

Hoffman, Andrew J. (1999), 'Institutional Evolution and Change: Environmentalism and the U.S. Chemical Industry', Academy of Management Journal 42: 351-71.

Hollingsworth, Rogers and Robert Boyer (eds) (1997), Contemporary Capitalism. Cambridge, UK: Cambridge University Press.

Jacobsson, Bengt (2006), 'Regulated Regulators: Global Trends of State Transformation', in Djelic and Sahlin-Andersson (eds), pp. 205-224.

Jepperson, Ronald (1991), 'Institutions, Institutional Effects, and Institutionalism', in Powell and DiMaggio (eds), pp. 143-163.

Jepperson, Ronald (2000a), 'The development and application of sociological neoinstitutionalism', Working Paper Series, Florence, Italy: European University Institute.

Jepperson, Ronald (2000b), 'Political modernities: four main variants of the modern polity', Working Paper, Tusla, Arizona: Tusla University.

Joas, H. (1992), Die Kreativität des Handelns. Frankfurt/Main: Suhrkamp Verlag.

Katzenstein, Peter, Keohane, Robert O. and Krasner, Stephen D. (eds.) (1998), 'International Organization at Fifty: Exploration and Constestation in the Study of World Politics', Special Issue of International Organization 52(4).

Kleiner, Thibaut (2003), 'Building up an asset management industry – forays of an Anglo-Saxon logic into the French business system', in Djelic and Quack (eds.), pp.57-82.

Knock, Thomas (1995), To End all Wars. Princeton: Princeton University Press.

Kristensen, Peer Hull and Jonathan Zeitlin (2001), 'The making of a global firm: Local pathways to multinational enterprise', in Morgan et al. (eds), pp. 172-195.

Lane, Christel (2000), 'Understanding the globalization strategies of German and British multinational companies: Is a 'societal effects' approach still useful?', in Maurice and Sorge (eds) (2000), pp. 189-208.

Lane, Christel (2001), 'The emergence of German transnational companies: A theoretical analysis and empirical study of the globalization process', in Morgan et al. (eds) (2001), pp. 69-96.

Lane, Christel (2003), 'Changes in Corporate Governance of German Ccorporations: Convergence to the Anglo-American model?', Competition and Change 7(2-3) 79-100.

Lane, Christel and Jocelyn Probert (2006), 'Domestic Capabilities and Global Production Networks in the Clothing Industry: A Comparison of German and UK Firms' Strategies', Socio-Economic Review 4: 35-67.

Lawrence, Thomas B., Monika I. Winn and P. Devereaux Jennings (2001), 'The Temporal Dynamics of Institutionalization', Academy of Management Review 26 (4), 624-644.

Lawrence, Thomas B. and Roy Suddaby (in this handbook), Institutions and Institutional Work.

Lehmkuhl, Dirk (2003), 'Structuring dispute resolution in transnational trade – competition and coevolution of public and private institutions', in Djelic and Quack (eds), pp. 278-301.

Leibfried, Stephan and Paul Pierson (eds) (1995), European Social Policy. Washington, DC: Brookings Institution.

Le Monde (7 November 2001), 'Le "Kodex", nouvelle bible du capitalisme Rhénan'.

Libération (2 octobre 2002), 'Cour Pénale Internationale : l'Europe cède à Washington'.

Lilja, Kari and Eli Moen (2003), 'Coordinating transnational competition – changing patterns in the European pulp and paper industry', in Djelic and Quack (eds.), pp. 137-60.

Lounsbury, Michael, Marc Ventresca and Paul M. Hirsch (2003), 'Social movements, field frames and industry emergence: a cultural-political perspective on US recycling', Socio-Economic Review 1 (1), 71-104.

Maguire, Steve and Hardy, Cynthia (2006), 'The Emergence of New Global Institutions: A Discursive Perspective', Organization Studies 27(1): 7-29.

Maguire, Steve, Hardy, Cynthia and Lawrence, Thomas B. (2004), 'Institutional entrepreneurship in emerging fields: HIV/AIDS treatment advocacy in Canada', Academy of Management Journal 47(5): 657-679.

Majone, Giandomenico (ed) (1996), Regulating Europe. London: Routledge.

March, James and Johann Olsen (1998), 'The Institutional Dynamics of International Political Orders', International Organization, 52(4): 943-969.

Martin, Lisa L. (ed) (2005), International Institutions in the New Global Economy. Cheltenham: Edward Elgar.

Maurice, Marc and Arndt Sorge (eds) (2000), Embedding Organizations. Amsterdam und Philadelphia: Benjamins.

McKenna, Christopher, Marie-Laure Djelic, and Antti Ainamo (2003), 'Message and medium – The role of consulting firms in globalization and its local interpretation', in Djelic and Quack (eds.), pp. 83-107.

McNichol, Jason and Jabril Bensedrine (2003), 'Multilateral rulemaking – Transatlantic struggles around genetically modified food', in Djelic and Quack (eds.), pp. 220-44.

Meyer, John and Francisco Ramirez (2000), 'The World Institutionalization of Education', in Schriewer, J. (ed), Discourse Formation in Comparative Education. Frankfurt : Peter Lang Publishers.

Meyer, John, John Boli, G. Thomas and F. Ramirez (1997), 'World Society and the Nation-State', American Journal of Sociology, 103 (1), 144-181.

Meyer, John and B. Rowan (1977), 'Institutionalized Organizations: Formal Structure as Myth and Ceremony', American Journal of Sociology, 83 (2), 340-363.

Morgan, Glenn (2001), 'Transnational Communities and Business Systems', Global Networks: a journal of transnational affairs, 1(2) 113-130.

Morgan, Glenn (2006) 'Transnational actors, transnational institutions, transnational spaces: The role of law firms in the internationalisation of competition regulation', in M.-L. Djelic and K. Sahlin-Andersson (eds), pp. 139-60.

Morgan, Glenn and Lars Engwall (eds) (1999), Regulation and Organizations, Advances in Management and Business Studies, 5, Routledge.

Morgan, Glenn, Peer Hull Kristensen and Richard Whitley (eds) (2001), The Multinational Firm. Oxford: Oxford University Press.

Morgan, Glenn and Sigrid Quack (2005), 'Institutional Legacies and Firm Dynamics: The Growth and Internationalization of British and German Law Firms', Organization Studies 26 (12), 1765-1785.

Morgan, Glenn, Richard Whitley and Eli Moen (eds) (2005), Changing Capitalisms? Oxford: Oxford University Press.

Murray, Gilbert (1987), From the League to UN, Greenwood Publishing Group.

O'Brien, Robert, Anne Marie Goetz, Jan Aart Scholte and Marc Williams (2000), Contesting Global Governance. Cambridge: Cambridge University Press.

Offe, Claus (1995), 'Designing Institutions for East European Transition', in Hausner, Jessop and Nielsen (eds), pp.47-66.

Oliver, Christine (1991), 'Strategic Responses to Institutional Processes', Academy of Management Review 16 (1), 145-179.

Oliver, Christine (1992), 'The Antecedents of Deinstitutionalization', Organization Studies 13 (4), 563-588.

Parsons, Talcott (1956) 'Suggestions for a Sociological Approach to the Theory of Organizations', Administrative Science Quarterly 1(1), 63-85.

Plehwe, Dieter (2001), 'National trajectories, international competition, and transnational governance in Europe', in Morgan et al. (eds), pp. 281-305.

Polanyi, Karl (1944), The Great Transformation. Boston, Mass: Beacon Press.

Quack, Sigrid, Glenn Morgan and Richard Whitley (eds) (2000), National Capitalisms, Global Competition and Economic Performance. Amsterdam and Philadelphia: Benjamins.

Quack, Sigrid (2006a), ‚Die transnationalen Ursprünge des „deutschen Kapitalismus"'. in Berghahn and Vitols (eds.), pp. 63-85.

Quack, Sigrid (2006b), 'Who fills the legal "black holes" in transnational governance? Lawyers, law firms and professional associations as border-crossing regulatory actors', in Schuppert (ed.), pp. 81-100.

Quack, Sigrid (forthcoming), 'Legal professionals and transnational law-making – A case of distributed agency', Organization

Sahlin-Andersson, Kerstin (1996), 'Imitating by Editing Success: The Construction of Organization Fields', in Czarniawska and Sevón (eds.), pp. 69-92.

Sahlin-Andersson, Kerstin and Lars Engwall (eds) (2002), The Expansion of Management Knowledge. Stanford: Stanford University Press.

Salk, Jane, François Nielsen and Gary Marks (2001), 'Patterns of Cooperation among Regional Offices in Brussels, Homophily, Complementarity and National Embeddedness', CERESSEC Working Paper, Paris, France: ESSEC.

Sandholtz, Wayne and Alec Stone Sweet (eds) (1998), European Integration and Supranational Governance. Oxford: Oxford University Press.

Scott, Richard, John Meyer et al. (1994), Institutional Environments and Organizations. Thousand Oaks, CA: Sage.

Scott, W. Richard (2001), Institutions and Organizations. 2nd Edition, Thousand Oaks, CA: Sage.

Selznick, Philip (1949), TVA and the Grass Roots: A Study in the Sociology of Formal Organization. Berkeley, CA: University of California Press.

Seo, Myeong-Gu and Creed, W. E. Douglas (2002), 'Institutional Contradictions, Praxis, and Institutional Change: A Dialectical Perspective', Academy of Management Journal 27(2): 222-47.

Sharpe, Diana Rosemary (2001), 'Globalization and Change: Organizational Continuity and Change within a Japanese Multinational in the UK', in Morgan et al. (eds), pp. 196-224.

Schmidt, P. (2004), 'Law in the Age of Governance', in Jordana and Levi-Faur (eds), The Politics of Regulation. Cheltenham: Edward Elgar, pp. 273-95.

Smith, Chris and Tony Elger (2000), 'The societal effects school and transnational transfer: The case of Japanese investment in Britain, in Maurice and Sorge (eds), pp. 225-240.

Schneiberg, Marc (2007), 'What's on the Path? Path Dependence, Organizational Diversity and the Problem of Institutional Change in the US Economy, 1900-50', Socio-Economic Review, 5(1): 47-80.

Sorge, Arndt (2000), 'The diabolical Dialectics of societal effects, in Maurice and Sorge (eds), pp. 37-56.

Strange, Susan (1996), The Retreat of the State. Cambridge: Cambridge University Press.

Suchman, Mark C. (1995a), Managing legitimacy: Strategies and institutional approaches, Academy of Management Review 20 (3), 571-610.

Suchman, Mark C. (1995b), 'Localism and Globalism in Institutional Analysis. The Emergence of Contractual Norms in Venture Finance', in Scott and Christensen (eds.), pp. 39-63.

Swidler, Ann (1986), 'Culture in action: symbols and strategies', American Sociological Review, 51 (April), 273-286.

Tainio, Risto, Mika Huolman, and Matti Pulkkinen (2001), 'The internationalisation of capital markets: How international institutional investors are restructuring Finnish companies, in Morgan et al. (eds), pp. 153-171.

Thietart, Raymond-Alain and Bernard Forgues (1995), Chaos Theory and Organization, Organization Science, 6(1): 19-31.

Tolbert, Pamela and Lynne Zucker (1996), 'The Institutionalization of Institutional Theory', in Clegg et al. (eds), pp. 175-190.

Van der Pijl, Kees (1984), The Making of an Atlantic Ruling Class. London: Verso.

Van der Pijl, Kees (1998), Transnational Classes and International Relations. London: Routledge.

Vitols, Sigurt (2005a), 'Globalization and the Transformation of the German Model', Underhill (ed), pp. 398-407.

Vitols, Sigurt (2005b), 'Changes in Germany's Bank-Based Financial System: Implications for Corporate Governance', Corporate Governance 13(3) 386-396.

Ventresca, Marc, Dara Szyliowicz and Tina Dacin (2003), 'Institutional Innovations in Governance – Global Structuring and the Field of Public Exchange-Traded Markets', in Djelic and Quack (eds), pp. 245-77.

Vogel, Steven K. (1996), Freer Markets, More Rules. Ithaca: Cornell University Press.

Walgenbach, Peter (2000), Die normgerechte Organisation. Stuttgart: Schäffer-Poeschel Verlag.

Weber, Max (1978), Economy and Society, Berkeley, CA: University of California Press.

Westney, Eleanor (1987), Imitation and Innovation, Cambridge, Mass.: Harvard University Press.

Whitley, Richard (1999), Divergent Capitalisms. Oxford: Oxford University Press.

Whitley, Richard (2003), 'Changing transnational institutions and the management of international business – The impact on national business systems', in Djelic and Quack (eds.), pp. 108-33.

Zeitlin, Jonathan and Garry Herrigel (2000) (eds.), Americanization and its Limits. Oxford: Oxford University Press.

Zucker, Lynne G. (1977), 'The Role of Institutionalization in Cultural Perspective'. American Sociological Review, 42, 726-743.