



# Why do established practices deinstitutionalize?

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Table 1: Overview of case study multinationals

	<b>ChemicalCo</b>	<b>Bank Co</b>	<b>BeverageCo</b>
<b>Industry</b>	Agro-chemical	Financial business services	Fast-moving consumer goods (FMCG)/beverage
<b>Presence in Pakistan since...</b>	1978	1961	1953
<b>Size of Pakistani operations (number of employees)</b>	~ 500	1100	1800
<b>Global presence</b>	32 countries	160 countries	194 countries
<b>Market entry rationale</b>	Increased local market share. Establish regional office for the Asia-Pacific region for the agricultural solutions division	Introduce innovations in Pakistani financial services sector (e.g. electronic & tele-banking, personalized & preferential banking services, commercial banking for SMEs etc.)	Become one of Pakistan's top foreign direct investments in the FMCG business. Capture market share through global brand recognition
<b>Business Objective(s)</b>	Act as a sales organization for a range of domestic markets (i.e. agricultural, industrial and speciality markets)	Maintain its global reputation for banking services in Pakistan & retain market share given its first-mover status in the country compared to other foreign banks	Increase market share & fulfil production targets for the neighbouring Afghan market
<b>Dominant subsidiary actors</b>	High-potentials & people working in the 'breadwinning' sales and marketing functions	Corporate banking staff responsible for maintaining client relationships & sales staff (in consumer banking) who generated day-to-day business	High-potential employees

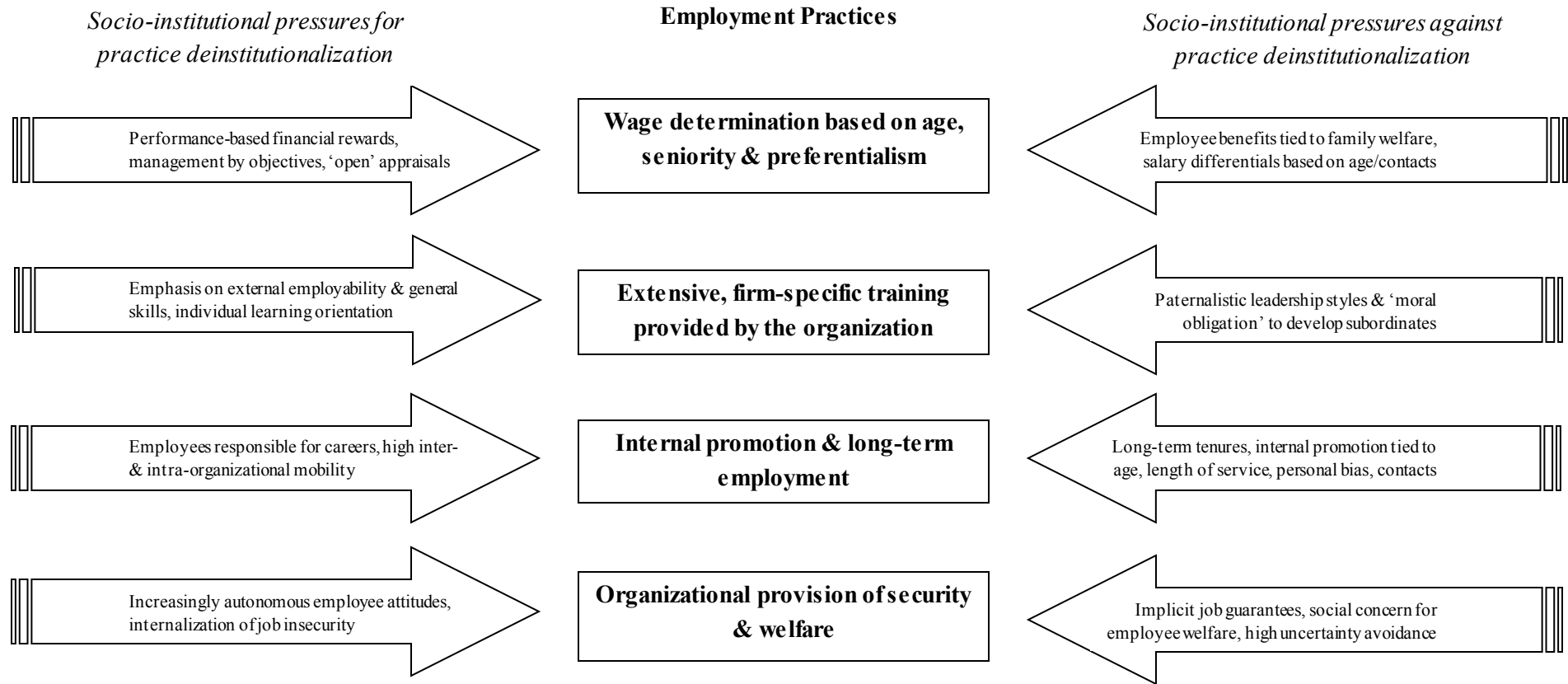
Table 2: Data collection

<i>Interviews</i>	<b>Chemical Co</b>	<b>Bank Co</b>	<b>Beverage Co</b>
<i>Subsidiary management</i>	5	3	3
<i>Subsidiary workers</i>	14	20	18
<i>Total (n=63)</i>	19	23	21

Table 3: Process of data analysis

<b>Stages of analysis</b>	<b>Method of reasoning</b>	<b>Tasks</b>	<b>Methodological objectives</b>
Data organization & first order categorization	Deductive	An a priori template for organizing the raw data was used to provide descriptive categories – focusing on the four key employment practices identified at the outset as most likely to face institutional incompatibilities i.e. wages, organizational provision of training, internal promotion, job security/organizational provision of welfare (Dore, 1989).	The deductive approach was used to: 1) enable organization of vast amounts of data (from across three MNCs) into manageable bits (Dye et al, 2000), 2) answer Yin’s (1994) ‘how’ and ‘what’ questions by allowing the degree of deinstitutionalization for each practice to emerge from this initial reading, and 3) facilitate preliminary theory testing (Hyde, 2000) of the underexplored interplay of insider and outsider pressures on practice deinstitutionalization.
Pattern recognition & interpretation	Inductive	After organising the data for each MNC into broad, theoretically-derived categories (see stage 1 above) we undertook a process of thematic analysis and interpretation involving fine combing the organized data, identifying patterns in the coded data and allowing additional first- and second-order sub-categories to emerge (i.e., actor responses such as supplementation, compliance, syncretization and resistance).	This stage took a more inductive approach following grounded theory principles (Lansisalmi, Peiro & Kivimaki, 2004; Charmaz, 2006; Corbin & Strauss, 1990) and focused on answering the crucial ‘why’ question – why were actor responses to the deinstitutionalization of practices (identified in stage 1) likely to differ?
Within-case/ cross-case analysis & explanation	Inductive	In this final stage we re-read the organized data to highlight intra- and inter-organizational similarities and dissimilarities across the three MNCs at the micro level of analysis. Additional ‘summary categories’ emerged that answered the overarching research objective of studying the interplay of insider- & outsider-driven deinstitutionalization (Leitch, Mullan & Harrison, 2013: 356) (i.e. the three coexisting phases of delegitimation).	The aim was to develop ‘thick case histories’ (Edman, 2016: 63) and facilitate ‘analytic immersion’ (Ayres, Kavanaugh, & Knafl, 2003: 874) in order to: 1) retain the ‘contextual richness of individual experience’ (ibid, p. 871) critical for exploring the role of the agentic actor, 2) highlight potential differentials between actors, 3) underscore key organizational & socio-institutional pressures, i.e. MNC home & HQ/ corporate effects versus host/subsidiary effects, on actor negotiation of the deinstitutionalization process & 4) increase external validity through cross-case comparative analysis across the identified categories (Gerring, 2004).

Figure 1: Practice deinstitutionalization in the institutionally complex setting of Pakistan



References: Ahmad & Allen (2015); Saher & Mayrhofer (2014); Chaudhry (2013); Ghazanfar et al (2011); Bashir & Ramay (2008); Iqbal (2008); Khilji & Wang (2007); Baig (2005); Khilji (2004); Khilji (2003 a & b); Khilji (2001); Nasir (2000); Hofstede (n.d.); Eldridge & Mahmood (1993); Rieger & Wong-Rieger (1990).

Table 4: The Interplay of insider & outsider pressures on deinstitutionalization

Specific HR practices	Subsidiary management		Subsidiary workers
<p><b>Wages</b></p> <p>Insider-driven { Performance-driven approach - home country/ corporate pressures</p> <p>Outsider-derived { Use of status markers - host country pressure</p>	<p>Market-competitive (&amp; therefore differential) wages</p> <p>Supplementation</p>	<p>Complete deinstitutionalization</p>	<p>Market-competitive (&amp; therefore differential) wages</p> <p>Insider &amp; outsider { Internalization of performance-driven compensation</p> <p>Insider-driven { Intra-organizational wage growth differentials</p> <p>Compliance</p>
<p><b>Training</b></p> <p>Insider-driven { HQ specified goals for the subsidiary</p> <p>Outsider-driven { Personal responsibility for subordinates' development - host country pressure</p>	<p>Extensive general <i>and</i> firm-specific training</p> <p>Supplementation</p>	<p>Partial deinstitutionalization</p>	<p>Emphasis on informal &amp; general, rather than firm-specific, training</p> <p>Outsider-driven { Focus on transferability &amp; external employability</p> <p>Insider-driven { Intra-organizational differentials in amount &amp; type of training</p> <p>Syncretization</p>
<p><b>Internal promotion</b></p> <p>Insider-driven { Competitive &amp; performance-driven - home country/ corporate pressures</p> <p>Outsider-driven { Competitive external labour market</p>	<p>Emphasis on internal promotion &amp; talent retention</p> <p>Compliance</p>	<p>Partial deinstitutionalization</p>	<p>Internal promotion valued but...</p> <p>Insider-driven { Expectations of rapid &amp; meritocratic promotion</p> <p>Outsider-driven { Availability of external employment opportunities</p> <p>Supplementation</p>
<p><b>Job security &amp; provision of welfare</b></p> <p>Insider-driven { Merit/performance-driven approach - inter-organizational differences</p> <p>Outsider-derived { In-group ties &amp; paternalistic leadership style –strong host country pressure</p>	<p>Low job security</p> <p>Resistance</p>	<p>Negotiated deinstitutionalization</p>	<p>Low job security</p> <p>Insider-driven { Internalization of insecurity - based on individual performance</p> <p>Outsider-driven { 'Elite status' in the external labour market</p> <p>Syncretization</p>