



## Toward an institution-based paradigm

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### Abstract

As part of the broader intellectual movement throughout the social sciences that is centered on new institutionalism, the institution-based view has emerged as a leading perspective in the strategic management literature. This article (1) traces the emergence of the institution-based view, (2) reviews its growth in the last two decades, and (3) responds to three of its major criticisms. We also identify four promising research directions—deglobalization and sanctions, competitive dynamics, hybrid organizations, and corporate social responsibility. Overall, we demonstrate that the thriving research on institutions has culminated in an institution-based paradigm, which has significant potential for future growth.

**Keywords** Competitive dynamics · Corporate social responsibility · Deglobalization · Hybrid organizations · Institutions · Institution-based view · New institutionalism · Paradigm · Sanctions

As part of the broader intellectual movement throughout the social sciences that is centered on new institutionalism (North, 1990; Ostrom, 2005; Scott, 1995; Williamson, 2000), the institution-based view has emerged as a leading perspective in the strategic management literature. The institution-based view is characterized by its emphasis on institutions as rules and norms, its quest for dynamic rather than static explanations of firm behavior, and its embrace of interdisciplinary approaches. While the term “institution-based view” was coined by Peng (2002) in the pages

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of the *Asia Pacific Journal of Management*, its contributions come from numerous scholars worldwide. Thanks to these endeavors, the institution-based view has gained tremendous legitimacy and flourished in the last two decades (Oppen, 2022). At the same time, it has attracted debates and criticisms, necessitating further assessments, responses, and progress. It is in this spirit that the current article—20 years after Peng (2002)—is written. We address the following four questions: (1) What is behind the emergence of the institution-based view? (2) What has fueled its growth? (3) What are the leading criticisms, and how can these criticisms be addressed? (4) What are some of the promising new research directions? Overall, we advance the argument that different lines of research underpinned by the institution-based view have culminated in an integrative paradigm.

### Prior to emergence

According to Kuhn (1970), a paradigm is “universally recognized scientific achievements that, for a time, provide model problems and solutions to a community of practitioners.” Instead of having only one dominant paradigm, the management field has always had several paradigms (Conner, 1991; Pfeffer, 1993). In strategic management, prior to the emergence of the institution-based view, two paradigms can be identified: the industry-based view and the resource-based view.

Anchored to the five forces framework, “the essence of this [industry-based] paradigm is that a firm’s performance in the marketplace depends critically on the characteristics of the industry environment in which it competes” (Porter, 1981: 610). Focusing on the valuable, rare, and inimitable resources and capabilities, the resource-based view (Barney, 2001), complemented by a dynamic capabilities perspective (Teece, 2007), has enjoyed ascendancy as the second paradigm.

Paradigm shifts appear in response to anomalies that existing paradigms cannot resolve (Kuhn, 1970). Both the industry-based and resource-based views have been criticized for their lack of attention to contexts. Take cost leadership, the most widely practiced (and taken-for-granted) strategy in the industry-based view. Transplanted to foreign markets, a cost leadership strategy may be declared “illegal.” Ignoring the context of host-country antidumping laws, a firm that single-mindedly pursues a cost leadership strategy in exporting its products may be sued by host-country incumbents for dumping (selling below cost). The upshot? Heavy fines for such “illegal” conduct. In other words, institution-based constraints such as antidumping laws have been overlooked by the industry-based view.

The resource-based view has similarly been challenged for its “little effort to establish appropriate contexts” (Priem & Butler, 2001: 32). Valuable resources and capabilities in some contexts may become nonvaluable in other contexts. For example, in least developed countries (LDCs), leading multinationals famous for their world-class capabilities are typically not among the most successful foreign firms (Cuervo-Cazurra & Genc, 2008). Instead, multinationals from other less developed economies, with less advanced capabilities, often do better. The reason may be that multinationals from other less developed economies have a much better understanding of how to effectively navigate the context of LDCs. In other words, excellent

capabilities honed in the context of developed economies do not go far in the context of LDCs. Barney (2001: 52) acknowledges the validity of this criticism, agreeing that “the value of a firm’s resources must be understood in the specific market context within which a firm is operating.” The challenge is: How can scholars theorize about such a “context”?

In the absence of theoretical (or paradigmatic) breakthrough, scholars encountering new anomalies are likely to be constrained by the straightjacket of old paradigms (Kuhn, 1970). For example, in the very first paper on firm strategy in China published in the *Strategic Management Journal*, Tan and Litschert (1994) are constrained by the then prevailing industry-based and resource-based paradigms. They end up relying on the literature on firm strategy in *regulated industries* in the West to derive their hypotheses on firm strategies in the electronics industry in China. But during the time of their survey (1990–91), the electronics industry is one of the *least* regulated industries in China (with the most vibrant market competition and foreign investment) (Tan & Litschert, 1994: 5). It is not industry-specific regulatory changes that drive the strategic changes they find. Rather, such strategic changes are driven by large-scale institutional transitions sweeping throughout the country—“fundamental and comprehensive changes introduced to the formal and informal rules of the game that affect organizations as players” (Peng, 2003: 275).

In summary, efforts to understand firm behavior around the world have created anomalies for the industry-based and resource-based paradigms, which originate from research on firms in the United States and which assume a relatively stable, market-friendly environment. Admittedly, the environment has long been featured in the industry-based and resource-based paradigms, but such an environment tends to be task environment, measured by economic variables such as market demand and technological change (Dess & Beard, 1984). What about the larger environment such as the home country (McGahan & Victor, 2010) and the host country (Makino et al., 2004)? What is needed is theoretical *sublimation* that goes above and beyond the task environment to shed light on the drivers of firm behavior that the two existing paradigms cannot fully explain (Peng et al., 2005). Overall, both the push and pull effects are at work. While the lack of adequate attention to contexts in the industry-based and resource-based views has *pushed* for a new paradigm (Peng et al., 2009: 65), the development of new institutionalism research throughout the social sciences has *pulled* scholars to develop an institution-based view—discussed next.

## Emergence

Starting from the idea that institutions can be conceptualized as “the rules of the game” (North, 1990), the institution-based view argues that firm behavior and performance are determined, at least in part, by the institutional conditions and transitions confronting firms (Peng & Heath, 1996; Peng et al., 2009; Peng et al., 2008). The origins and emergence of the institution-based view have been discussed in a series of articles by Meyer and Peng (2016), Peng (2002, 2005, 2014), and Peng et al. (2008, 2009, 2018b). Other reviews of the institution-based literature can be found in Aguilera and Groggaard (2019), Ahuja and Yayavaram (2011), Ahuja et al. (2018),

Cuervo-Cazurra et al. (2019b), Dielman et al. (2022), Doh et al. (2017), Greenwood et al. (2011), Heugens and Lander (2009), Ingram and Silverman (2002), Jackson and Deeg (2008, 2019), Kostova et al. (2020), Marquis and Raynard (2015), Opper (2022), Su (2021), Sun et al. (2021), Sun et al. (2020), Zhao et al. (2017), and others. Collectively, these articles document the growth of the institution-based view from a relatively peripheral research stream to a leading pillar in the literature.

Virtually all institutionally-minded scholars—regardless of disciplinary backgrounds—share a consensus that “institutions matter” (DiMaggio & Powell, 1983; North, 1990; Oliver, 1997; Ostrom, 2005; Scott, 2008; Williamson, 2000). From this basic proposition, scholars have tackled “the harder and more interesting issues of how they matter, under what circumstances, to what extent, and in what ways” (Powell, 1996: 297). It is such a quest to enhance our understanding of how institutions matter that leads to the proliferation of new institutionalism research throughout the social sciences and management literatures, including work on the institution-based view.

Summarizing and extending earlier work, the institution-based view has advanced two most fundamental propositions (Peng et al., 2009: 67–68):

Proposition 1: Managers and firms rationally pursue their interests and make strategic choices within the formal and informal constraints in a given institutional framework.

Proposition 2: While formal and informal institutions combine to govern firm behavior, in situations where formal constraints are unclear or fail, informal constraints will play a larger role in reducing uncertainty, providing guidance, and conferring legitimacy and rewards to managers and firms.

Different from Kuhn’s (1970) model of a new paradigm displacing an old one, the emergence of a new paradigm in management does not necessarily result in such displacement. This may be due to the fact that the management field is diverse enough to accommodate multiple paradigms (Conner, 1991; Pfeffer, 1993). Positioning itself as a *third* leg for a strategy tripod, the institution-based view has always emphasized that it complements existing theories such as the industry-based and resource-based views (Peng et al., 2009). Studies have leveraged the strategy tripod to generate interesting insights (Gao et al., 2010; Krull et al., 2012; Lahiri et al., 2020; Lu et al., 2010; Su et al., 2016; Yamakawa et al. 2008). Being theoretically eclectic and inclusive, the institution-based view has thrived by integrating a number of theories (Gaur et al., 2014; Hung & Tseng, 2017; Kostova & Hult, 2016; Lin et al., 2009; Mahlich, 2009; Meyer & Peng, 2005, 2016; Shi et al., 2012; Yi et al., 2019; Zoogah et al., 2015).

## Growth

The growth of the institution-based view predates Peng (2002). However, given that Peng (2002) is the first journal publication coining the term “institution-based view” (Ahuja & Yayavaram, 2011: 1649), it is useful to examine how the



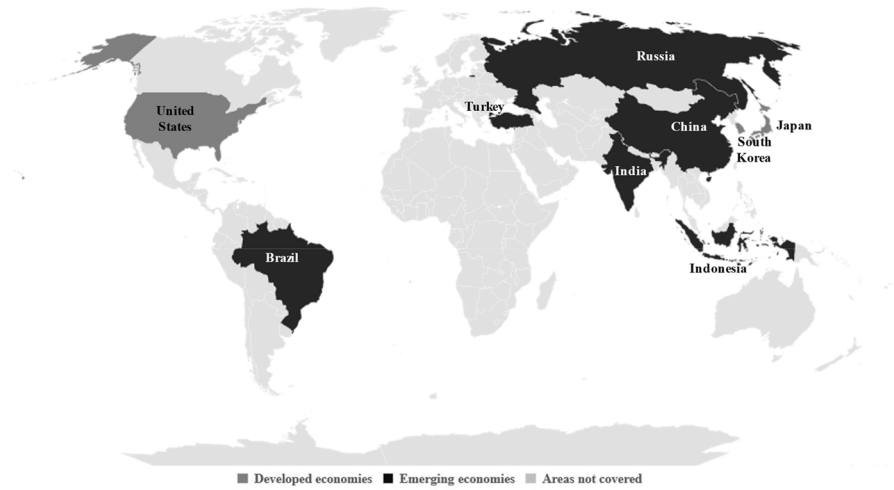
**Fig. 1** High-frequency keywords in the institution-based view literature. [Sources] 3,043 articles that cited Peng (2002, 2003) and Peng et al. (2008, 2009) reported by Web of Science, as of June 30, 2022

institution-based view has grown since the initial 2002 article. We use the Web of Science to review the 3,043 articles that have cited Peng (2002, 2003) and Peng et al. (2008, 2009) as of June 30, 2022. We extract the high-frequency keywords from these articles—emerging, innovations, institutions, institution-based, China, view, performance, economies, markets, and management (in descending order of frequency)—to form a word cloud (Fig. 1).

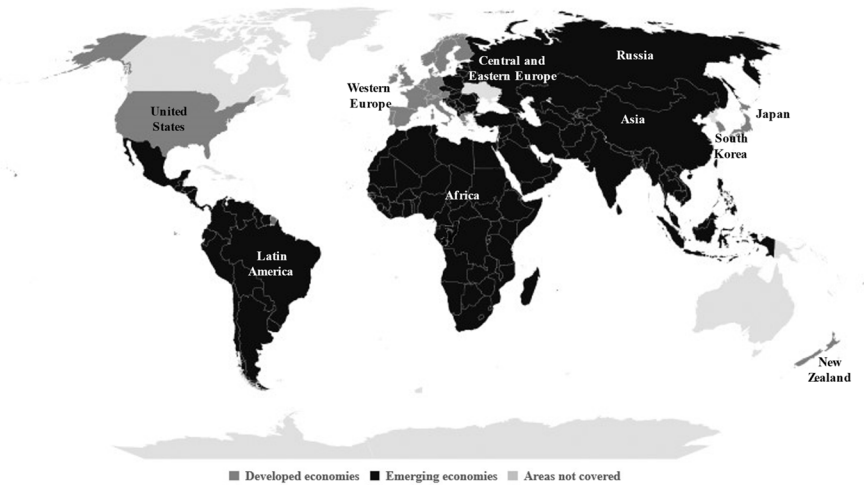
The sampled articles suggest that China is the most frequently-studied emerging economy, followed by (in descending order of frequency) Africa, Russia, India, and other Asian countries. The institution-based view has also significantly benefitted research studying firms in developed economies such as the United States, Japan, South Korea, Western Europe, and New Zealand (in descending order of frequency). It is noteworthy that the institution-based view has penetrated countries that otherwise are rarely covered by management journals—namely, Fiji, Ghana, and Tanzania. Such a diverse and global reach of the institution-based view attests to its growing influence and popularity (Fig. 2).

Visually, the institution-based view can be conceptualized as a “tree” that has grown various branches, covering research topics such as corporate diversification, corporate governance, entrepreneurship, intellectual property rights, international business strategy, and large family firms (Fig. 3). The “tree” visualizes

### A: As of December 31, 2012



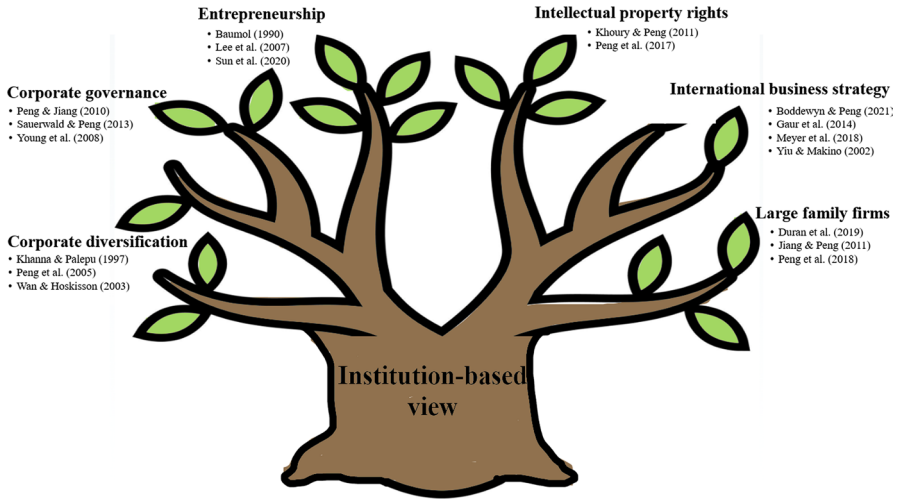
### B: As of June 30, 2022



**Fig. 2** Geographic coverage of the institution-based view literature. [Sources] Panel A: 522 articles that cited Peng (2002, 2003) and Peng et al. (2008, 2009) reported by Web of Science, as of December 31, 2012. Panel B: 3,043 articles that cited these four articles, as of June 30, 2022 (including the 522 articles used in Panel A)

how the institution-based view provides a solid base for theorizing and dealing with a variety of topics and phenomena.

Extending Meyer and Peng (2016: 14), we argue that this family (or tree) of research topics and phenomena stemming from the institution-based view is



**Fig. 3** The institution-based view: A family (tree). [Note] Due to space constraints, the literature cited is illustrative (but is not comprehensive).

converging toward an integrative paradigm as conceptualized by Kuhn (1970). The broad agreement on the most fundamental proposition that “institutions matter” unifies institutionally minded scholars, while different branches explore how institutions matter within the institution-based paradigm.

In the social sciences and management literatures, the acceptance and diffusion of paradigms (or schools of thought) depend on their continuity, novelty, and scope (McKinley et al., 1999). It is reasonable to suggest that the institution-based view exhibits these three attributes, which propel its growth (Meyer & Peng, 2016: 14; Peng et al., 2009: 72–73). First, by extending new institutionalism into management research, the institution-based view exemplifies *continuity* from the larger social sciences literature (Ingram & Silverman, 2002). Drawing primarily from economic institutionalism (North, 1990; Ostrom, 2005; Williamson, 2000) and sociological institutionalism (DiMaggio & Powell, 1983; Scott, 2008), the institution-based view argues that institutions’ most fundamental role is “to reduce uncertainty and provide meaning” (Peng et al., 2009: 66). Therefore, the institution-based view, albeit with differences in disciplinary roots, offers significant insights into *how* and *when* institutions matter (Peng et al., 2018b).

Second, the institution-based view brings significant *novelty* to management research by addressing problems that neither the industry-based nor the resource-based paradigms can solve satisfactorily. Within the institutions literature, it reconciles two contrasting ideas about firm behavior—structure versus agency (Heugens & Lander, 2009). The “structure” school posits that firms become increasingly



isomorphic over time as they are under collective institutional pressures in search of legitimacy (DiMaggio & Powell, 1983). The “agency” school argues that firms leverage institutional entrepreneurship to deviate from norms in an effort to gain competitive advantages (Oliver, 1991). In other words, institutional pressures “do not just ‘enter’ an organization—they are interpreted, given meaning, and ‘represented’ by occupants of structural positions” (Greenwood et al., 2011: 342).<sup>1</sup> Even within the same institutional environment (such as one industry or one country), not all firms would behave the same, resulting in significant heterogeneity (Barney, 2001). Overall, firms strive for optimal distinctiveness—sufficiently differentiated to stand out and sufficiently recognizable to be legitimate (Zhao et al., 2017).

Finally, the institution-based view is distinguished by its broad *scope*. Instead of being divisive—typical of some institutions literature famous for having numerous “family quarrels” (Heugens & Lander, 2009; Hirsch & Lounsbury, 1997)—the institution-based view is integrative and inclusive. Avoiding being partial to a particular line of the institutions literature (such as economic institutionalism or sociological institutionalism), the institution-based view—as part of management scholarship—builds bridges by drawing on the best available insights from the interdisciplinary literature on institutions (Peng et al., 2009: 74). Therefore, its broad scope “allows for numerous ways of theorizing, operationalizing, and testing, resulting in an expanding and cumulative body of knowledge” (Meyer & Peng, 2016: 14).

In addition to the three *content* attributes outlined above—continuity, novelty, and scope—certain *context* attributes also fuel the growth of the institution-based view (Ofori-Dankwa & Julian, 2005). When research on the institution-based view in management was starting in the 1990s, the rise of rapidly-transitioning emerging economies attracted scholars’ attention (Peng & Heath, 1996). While trained in a number of theories in their repertoire, these scholars often choose to invoke an institutional perspective, which provides the best insights relative to other theories in advancing management research focusing on emerging economies (Cuervo-Cazurra et al., 2019a; Hoskisson et al., 2013; Keister, 2009; Luo et al., 2019; Jiang et al., 2022; Marquis & Raynard, 2015; Meyer & Peng, 2005, 2016; Peng, 2003; Peng et al., 2008; Pezeshkan et al., 2022; Pinkham & Peng, 2017; Sun et al., 2017; Weng et al., 2021; Wright et al., 2005; Young et al., 2014). Ultimately, research on the institution-based view has crossed into areas outside of emerging economies and has been applied to a wider range of economies (see Fig. 2). A number of influential scholars such as John Child, John Dunning, and Michael Hitt, who are not known as “institutional scholars” in their early career, have not only endorsed, but also contributed toward, the institution-based view (Child et al., 2007; Dunning & Lundan, 2008; Hitt et al., 2004). Overall, contextual factors fueling the growth of the institution-based view include: (1) an attractive initial research context (emerging economies), (2) eagerness of many scholars in search of the best theoretical tool, and (3) prestige of some contributors invoking this view (Ofori-Dankwa & Julian, 2005).

<sup>1</sup> Most of the institutional entrepreneurship literature has focused on the top-down process, and the bottom-up process also needs to be addressed (Chen & Sun, 2019).



## Criticisms and responses

Despite its growth and development toward a paradigm, the institution-based view has faced criticisms as would be expected with any theory. Twenty years after Peng (2002), it is useful to take stock of some leading criticisms and respond to them. This section responds to three criticisms.

Criticism 1: The usefulness of the institution-based view will decline as market-supporting institutions progress in emerging economies.

Initially focusing on emerging economies, a major stream of the institution-based view spearheaded by Peng and Heath (1996), Peng (2002, 2003), and Peng et al. (2008, 2009) has propelled this view to become “the most dominant” theory when probing emerging economies (Wright et al., 2005: 1). But its usefulness is criticized to be *transient*. According to Hoskisson et al. (2000: 252), “in the early stages of market emergence, institutional theory is preeminent in helping to explain impacts on enterprise strategy. . . As markets mature, transaction cost economics and, subsequently, the resource-based view are more important.” In other words, there was a concern that as emerging economies develop, the institution-based view would become less important relative to other theories. In his decision letter accepting Peng (2002), Chung Ming Lau, one of the guest-editors of the *Academy of Management Journal* special research forum on emerging economies (Hoskisson et al., 2000—of which Peng and Luo (2000) is a part), challenged the author by asking “how far can we use the institution-based view when we have a developed economy (e.g., China 15 years later)?”

Yet, the institution-based view “has become *more* enduring than anticipated,” and the prediction that other theories “will become more relevant and prominent in research on emerging economies” has only been partially supported (Wright et al., 2005: 22). A key reason is “the development of [market-supporting] institutions in emerging economies has been slower than anticipated and the nature of institutional developments has not been uni-directional” (Wright et al., 2005: 22). Recent political reversals in a number of emerging economies such as Brazil, China, Hungary, Mexico, Poland, Russia, and Turkey have further slowed (and sometimes reversed) the development of market-supporting institutions. The theoretical implications are that the usefulness of the institution-based view is *unlikely* to decline anytime soon, if scholars endeavor to enhance our understanding of firm behavior and performance in emerging economies (Bruton et al., 2021; Lebedev et al., 2015; Marquis & Raynard, 2015; Meyer & Peng, 2005, 2016; Opper, 2022).

Furthermore, shown in Fig. 2, the institution-based view has expanded beyond emerging economies and asserted its influence in developed economies (Greenwood et al., 2011; Peng et al., 2009; Weng & Peng, 2018). This development is not only underpinned by a substantial body of institutional research that has always focused on developed economies (Fligstein, 1996; Oliver, 1997; Scott, 2008), but is also necessitated by the numerous institutional transitions unfolding throughout developed economies, such as the institutional transitions brought by Brexit (2016),

Donald Trump's presidency (2017–2021), and rapid policy U-turns of the UK government (2022). Therefore, designing appropriate strategies in response to institutional transitions—advised by the institution-based view—remains crucial for firms in both emerging and developed economies (Oppen, 2022).

Overall, in the marketplace for theories, the institution-based view, which originally focuses on the impact of institutional transitions, is likely to be useful throughout the world. This is illustrated in the current world conditions amounting to unprecedented turbulence, ranging from public health crises (COVID-19) to geopolitical conflicts (Russia's invasion of Ukraine). Such turbulence has unleashed significant changes to the “rules of the game” throughout the world, such as government-imposed lockdowns and sanctions with significant impact on firm behavior, performance, and even survival (Liu et al., 2022). Such institutional transitions naturally trigger changes in firm behavior, which will have significant performance implications (Yiu et al., 2018). Instead of being some interesting events only affecting emerging economies, institutional transitions are likely to become the “new normal” throughout the world (Ahlstrom et al., 2020; Li et al., 2022). Therefore, as a dynamic theory built around the interaction between institutions and organizations (Peng, 2002), the institution-based view will become more important.

Criticism 2: As a big tent, the institution-based view has too many different strands, schools, and flavors of what institutions mean, and how they affect or are affected by firms.

As a “big tent,” the institutions literature is thriving throughout the social sciences and management disciplines (Aguilera & Groggaard, 2019: 26; Cuervo-Cazurra et al., 2019b: 153). It is also true that there are a number of “family quarrels” within the institutions literature (Heugens & Lander, 2009; Hirsch & Lounsbury, 1997). These quarrels often take place between economics and sociology—for example, the words “institutional theory” cannot be used to describe economics research represented by North (1990) and Williamson (2000), which should be labeled “institutional economics” (but not “institutional theory”). Within “institutional theory” (otherwise known as sociological institutionalism), debates rage between “old” and “new” institutionalism (Hirsch & Lounsbury, 1997). Within new institutionalism, there are further divisions such as institutional logics (Greve & Zhang, 2017), institutional work (Lawrence et al., 2013), and varieties of capitalism (Carney et al., 2009; Hall & Soskice, 2001; Jackson & Deeg, 2008, 2019). The end result, according to Aguilera and Groggaard (2019: 25), is that “we cannot refer simultaneously to Scott, North, Peng, and Jackson and Deeg (2008).”<sup>2</sup>

Because different strands of the institutions literature emerge from different intellectual traditions, the alleged risk, according to critics, is “a potpourri of arguments from incompatible logics” (Cuervo-Cazurra et al., 2019b: 151). In other words, “scholars use different language to refer to similar, if not the same, concepts or mechanisms” (Aguilera & Groggaard, 2019: 25). Going forward, scholars are advised

<sup>2</sup> Aguilera and Groggaard's (2019) article is a commentary on Jackson and Deeg' (2008) article, which won the Decade Best Paper Award from the *Journal of International Business Studies* in 2018.

“to properly anchor their research within the boundaries of a given strand and to be cognizant of the conceptual challenges if these strands are ever to be combined” (Aguilera & Grogaard, 2019: 25; see also Cuervo-Cazurra et al., 2019b: 151). In short, as criticized by Hirsch and Lounsbury (1997), some of the institutions research has conventionally been divisive.

Given the integrative nature of the institution-based view, our response is: of course, we can refer simultaneously to Scott, North, Peng, and Jackson and Deeg. Scott (1995) has long acknowledged North’s (1990) influence on economic sociology. North (2005) explicitly discusses “stickiness” (resistance to change) as part of cognition, which bears reciprocal correspondence to Scott’s (1995) cultural-cognitive pillar. In addition to members from economics, the International Society of New Institutional Economics (ISNIE), which has recently rebranded itself as the Society for Institutional and Organizational Economics (SIOE), has members from anthropology, law, management, political science, and sociology (Menard & Shirley, 2014: 554). The institution-based view is indeed “inspired by both the economic and sociological versions of the institutional literature” (Peng et al., 2009: 74). Given the significant cross-fertilization across the institutions space, sticking to one “party line” will be challenging (Marquis & Raynard, 2015: 322). As the larger world—the institutional environment of our scholarly work—marches toward more diversity and inclusion, emphasizing divisiveness and exclusion is unhealthy and impractical. Given its broad scope, the institution-based view is and should be integrative and inclusive (Roberts & Greenwood, 1997). In short, institutional pluralism is preferred (Kraatz & Block, 2017).

**Criticism 3:** Empirical research associated with the institution-based view has overly focused on formal institutions and paid inadequate attention to informal institutions.

Following North (1990), the institution-based view claims that “formal and informal institutions combine to govern firm behavior” (Peng et al., 2009: 68; see also Holmes et al., 2013; Marano et al., 2016). However, formal institutions have attracted disproportionately more attention (Seligson & McCants, 2021). Because “it is much easier to describe precisely the formal rules that societies devise than to do the same for the informal ways by which human beings have structured human interaction” (North, 1990: 36), there is indeed an imbalance in the development of the institution-based view. Specifically, the imbalance is reflected in the vastly greater number of publications on formal institutions *via-a-vis* those on informal institutions. Therefore, it is important to address this criticism by paying more attention to informal institutions (Boddewyn & Peng, 2021; Seligson & McCants, 2021; Voigt, 2018).

Although limited, management research on informal institutions has emerged in a number of areas. These include corporate governance (Estrin & Prevezer, 2011; Sauerwald & Peng, 2013), entrepreneurship (Batjargal et al., 2013; Lahiri et al., 2020; Opper & Anderson, 2019; Peng et al., 2018c; Salvi et al., 2022), international market entry (Boddewyn & Peng, 2021; Holmes et al., 2013), multinational subsidiaries (Curchod et al., 2020), offshoring (Sartor & Beamish, 2014), reputation (Stevens & Makarius, 2015), and strategic alliances (Ahlstrom et al., 2014; Cao et al., 2018).

In the context of emerging economies, there is substantial research on informal institutions embodied by interpersonal networks and social capital (Burt & Burzynska, 2017; Lebedev et al., 2021; Ledeneva, 2018; Li et al., 2008; Peng, 2003). From an initial focus on China (Burt & Batjargal, 2019; Haveman et al., 2017; Li & Qian, 2013; Mutlu et al., 2018; Opper et al., 2017; Peng & Luo, 2000), such research has been extended to Ghana (Acquaah, 2007), Indonesia (Fisman, 2001), Mongolia (Ulziisukh & Wei, 2022), Russia (Puffer et al., 2010), and South Korea (Horak & Klein, 2016).

Despite the progress, two challenges foreshadow research focusing on informal institutions. First, it is challenging to differentiate informal institutions from culture. Some studies have largely treated culture and informal institutions as synonymous, and adopted cultural dimensions such as power distance and collectivism as informal institutions (Cao et al., 2018; Holmes et al., 2013). Admittedly, there is an overlap between culture and informal institutions (Chimenson et al., 2022; Peterson, 2016). However, informal institutions also have important facets that cannot be captured by culture (Cantwell et al., 2010: 578; Singh, 2007: 442). How to break away from solely using cultural measures to reflect informal institutions and thus truly appreciate the broad range of informal institutions is a formidable challenge (Shoham, 2022; Singh, 2007).

A second challenge stems from the interdependency between informal and formal institutions (North, 1990; Ostrom, 2005). Formal and informal institutions interact and influence each other, making it difficult to tease out the specific effects of informal institutions (Holmes et al., 2013; Zhu et al., 2019). For instance, firms may embrace market competition in emerging economies at the backdrop of institutional transitions from state to market, which can be traced to the rising normative pressure from rivals or the emerging cognitive shifts within firms—informal institutional adaptations that are catalyzed by formal institutional transitions (Peng, 2003; Peng & Heath, 1996). Likewise, informal institutions can also affect and eventually change formal institutions (North, 1990). Several studies have endeavored to unveil the complex relationships between informal institutions and organizations (Cappellaro et al., 2020; Smith & Besharov, 2019). Overall, how to creatively capture informal institutions and untangle their distinctive impact is challenging, and remains a future research direction.

## From criticisms to promising research areas

Constructive criticisms are both inspiring and motivating. Having outlined the institution-based view's three major criticisms,<sup>3</sup> next we showcase four promising research directions: (1) deglobalization and sanctions, (2) competitive dynamics, (3) hybrid organizations, and (4) corporate social responsibility. These areas are chosen, because they represent new research endeavors to address some of the criticisms and expand further. New research on deglobalization and sanctions as well as competitive dynamics shows

<sup>3</sup> Other criticisms exist. For example, Walgenbach, Drori, and Hollerer (2017: 103) point out that “such a reinstatement of the rational actor who makes strategic choices is inherent, for instance, in the article of Kostova, Roth, and Dacin (2008), and comes through even more clearly and explicitly in the writings of Peng and his colleagues (Peng, 2002, 2003; Peng, Wang, & Jiang, 2008; Peng et al., 2009).” The problem according to critics? “Such pronouncements of agency, strategic choice, and interests ignore the rampant isomorphism among corporations” (Walgenbach et al., 2017: 103).

that institution-based research is not limited to emerging economies, and has global ramifications, thus addressing Criticism 1. Research on hybrid organizations demonstrates how firms leverage and mix multiple institutional demands, as reflected in their goals and actions. This addresses some aspects of Criticism 2. Responding to Criticism 3, new research on CSR expands on the research on informal institutions and on the interaction between informal and formal institutions.

Like previous paradigms, a new paradigm such as the institution-based view may not solve all questions. However, it can generate new questions. Such potential can be called the generative capability of the institution-based view—“a sociotechnical system where social and technical elements interact to facilitate combinatorial innovation” (Thomas & Tee, 2022). This means that the institution-based view can be integrated with other theories to facilitate theoretical innovation (Meyer et al., 2009; Zoogah et al., 2015). Overall, these four areas demonstrate how exciting new research stemming from the institution-based view, often in combination with other views, can grow to generate (and hopefully solve) new puzzles.

## An institution-based view of deglobalization and sanctions

Contrary to the concerns expressed in Criticism 1, while the institution-based view started with an early geographic emphasis on emerging economies, it has subsequently expanded to assert its reach *globally*—in both emerging and developed economies. A rapidly evolving institution-based view of deglobalization and sanctions embodies such a global approach (Blake et al., 2022; Devinney & Hartwell, 2020; Li et al., 2022; Meyer et al., 2022).

Most theories are likely to carry some imprinting of the era during which they are developed (Kriauciunas & Kale, 2006; Peng, 2003). New institutionalism research has largely grown in the post-Cold War era, when globalization—often embodied by market-liberalizing institutional transitions—was increasing (Doh et al., 2017; Hoskisson et al., 2000, 2013; Marquis & Raynard, 2015; Wright et al., 2005). Therefore, it has a great deal of pro-market flavors (Cuervo-Cazurra et al., 2019a; Kathuria et al., 2023; Meyer & Peng, 2005, 2016; Shin et al., 2022). As a result, much of the research on institutions focuses on innovation (Khoury & Peng, 2011; Zhou et al., 2017), market entry (Boddewyn & Peng, 2021; Deng et al., 2020; Lu et al., 2018; Meyer et al., 2009; Yiu & Makino, 2002), and growth of the firm (Peng & Heath, 1996; Peng et al., 2018a). In contrast, there is little research on sanctions, withdrawals, and shrinking of the firm, to name a few.

Defined as “the process of weakening economic interdependence among countries” (Witt, 2019: 1054), deglobalization seems to be a new wave that has hit the world (Peng et al., 2021; Petricevic & Teece, 2019). Evidence of deglobalization is everywhere: border closures, COVID-induced lockdowns, immigration controls, investment screenings, military conflicts, nationalism, sanctions, supply chain localization, and trade wars. How managers and firms respond strategically to such changing rules of the game has presented a series of new research opportunities (Ahlstrom et al., 2020; Contractor, 2022; Globberman & Shapiro, 2009;

Peng & Kathuria, 2021; Peng et al., 2021; Rodrik, 2018; Young et al., 2022). This can become a new research frontier in the institution-based view (Li et al., 2022).

Among numerous topics on deglobalization, an institution-based view can inform research on sanctions. The recent scale, scope, and frequency with which sanctions are imposed is unprecedented. Sanctions can be defined as politically motivated, nonmilitary coercive measures against foreign countries, organizations, and/or individuals (Bapat & Kwon, 2015; Meyer et al., 2022; Mirkina, 2018). Sanctions are key tools of foreign policy, and the West has long imposed sanctions on smaller countries such as Cuba, Iran, Myanmar, and North Korea (Meyer & Thein, 2014). Now larger countries such as China and Russia are frequently targeted, and these countries have launched countersanctions against the West. Yet, “our theoretical understanding of sanctions is woefully underdeveloped” (Felbermayr et al., 2021: 2).

Consider Western multinational enterprises (MNEs) operating in Russia since its February 2022 invasion of Ukraine. For foreign firms operating in Russia whose home-country governments are imposing sanctions on Russia, the strategic choices include: (1) permanent withdrawal, (2) temporary closure, and (3) business as usual. In contrast to the tremendous amount of work in the institutions literature on legitimization, the process of *delegitimization* has rarely been studied (Oliver, 1992). Essentially, if MNEs choose options 1 and 2, they lose legitimacy in the eyes of host-country stakeholders in Russia. But if they choose option 3, they lose legitimacy in the eyes of stakeholders in the home country and third countries (Stevens et al., 2016). Given the thorny nature of each option, the strategic choices are not preordained, thus necessitating more in-depth research.

A new generation of research on the institution-based view can leverage the imprinting of the new era (Barry & Kleinberg, 2015; Li et al., 2022; Luo, 2022; Meyer & Li, 2022; Witt, 2019; Witte et al., 2020). Fascinating but underexplored questions in a new institution-based view of deglobalization and sanctions include: How predictable are government actions (Witt, 2019)? How maneuverable is corporate diplomacy (as opposed to country diplomacy) (Li et al., 2022)? How can MNE subsidiaries engage with local stakeholders to minimize the impact of sanctions (Meyer & Li, 2022)? Given the global nature of deglobalization and sanctions, this new area of research can address Criticism 1 by demonstrating that the institution-based view is a globally relevant paradigm.

## **An institution-based view of competitive dynamics**

Competitive dynamics is another area in which the institution-based view has the potential to reach developed economies as well as emerging economies, countering Criticism 1. Historically, research on competitive dynamics has examined how new entrants and incumbents engage in rounds of competitive attacks and counterattacks (Chen & Miller, 1994; Mutlu et al., 2015). New entrants often use tactics such as novel products to outcompete the pricing, quality, or timing of incumbent products, while incumbents use tactics such as entering new markets, price cutting, or developing new products to fight back. Recently, the emergence of new and disruptive innovation, including digitalized new entrants, has made competitive dynamics

more complicated, with some new entrants creating entirely new ways of competing that make it difficult for incumbents to keep up with (Kammerlander et al., 2018). New entrants such as Uber and Airbnb are able to capitalize on platform ecosystems to change the “rules of the game” and counter incumbents’ existing products or services (Kretschmer et al., 2022; Kumaraswamy et al., 2018). From an institution-based view, these disruptive new entrants amount to a fundamental challenge for incumbents, as traditional competitive responses may be less effective.

Due to the fact that the new entrants can avoid, or circumvent, existing institutions, both new entrants and incumbents have turned to institutions in their competitive attacks and counterattacks. Consistent with the institutional work literature that considers how firms “create, disrupt, or maintain institutions” (Voronov & Vince, 2012: 59), incumbents can leverage institutions to combat new entrants by lobbying the government (Ridge et al., 2017), mobilizing voters (Bonardi et al., 2005), and bringing lawsuits against new entrants (Bagley, 2008).

At the same time, disruptive new entrants such as Uber and Airbnb have found ways to manipulate institutions, allowing them to operate in areas that incumbents cannot (Baron, 2018). Using similar institutional tactics such as lobbying, voter mobilization, and lawsuits (Garud et al., 2022), new entrants’ attacks and counterattacks leverage institutions to enable them to gain an advantage over incumbents, which often operate under antiquated regulations and which do not have the same technological capabilities possessed by new entrants. In response, incumbents may counterattack using their own institutional defenses, while embarking on obtaining similar technology to compete directly with new entrants.

The recent literature on disruptive innovation and digitalization acknowledges that new entrants using technology and platforms adopt nonmarket strategies (Baron, 2018; Garud et al., 2022), but has *not* extensively addressed the role of institutions in competitive dynamics, from both new entrants’ and incumbents’ perspectives. Therefore, there is potential to develop an institution-based view of competitive dynamics focusing on both sides’ jockeying for positions by enlisting help from institutions—in other words, *weaponizing* institutions (Welbourne Eleazar et al., 2022). Future work may consider: How can new entrants and incumbents leverage both formal and informal institutions in different countries to gain a competitive advantage in digitalized markets? In countries that have greater regulations, are certain institutions more likely to be weaponized than in less regulated countries?

In addition, while we focus on disruptive innovation such as digitalization and institutions, there are other topics on which the weaponization of institutions in competitive dynamics has not been clearly identified to date. For examples, how does weaponizing institutions affect new entrants vis-à-vis incumbents respectively, such as the recent legalization of cannabis and sports betting in many states of the United States? When faced with stricter regulations such as the European Union’s General Data Protection Regulation (GDPR), how can incumbents weaponize these regulations against new entrants, and how can new entrants navigate through these regulations? While battles on weaponizing institutions between entrants and incumbents unfold in emerging economies, a great deal of such battles take place in developed economies, thus in part addressing Criticism 1 that the institution-based view is “only relevant” to emerging economies.



## An institution-based view of hybrid organizations

While critics associated with Criticism 2 complain about arguments from incompatible logics within the same study, many organizations increasingly grapple with hybridity, featuring a combination of institutional logics that traditionally do not go together (Cappellaro et al., 2020; Pache & Santos, 2013; Smith & Besharov, 2019; Sun & Liang, 2021). Institutional logics are “overarching belief systems that provide rationales for organizational goals, underpin identities, and shape behaviors” (Wang et al., 2022: 5; see also Thornton, 2004). Nested within the umbrella framework of the institution-based view, institutional logics have emerged as a leading perspective to help us understand the inner workings of hybrid organizations—defined as organizations that incorporate different institutional logics (Pacho & Santos, 2013).

For example, Wang et al. (2022) extend an institutional logics lens to delve into how state-owned enterprises (SOEs) leverage hybridity in order to become more innovative. Under the old state (socialism) logic, SOEs are neither interested in, nor capable of, innovating (Peng & Heath, 1996). However, the emerging market (competition) logic sweeping through most emerging economies necessitates an emphasis on innovation to win market battles (Inoue et al., 2013; Raynard et al., 2020). Therefore, the broader institutional context nudges SOEs to combine the competing state and market logics, epitomizing hybrid organizations.

As hybrid organizations, not all SOEs are dominantly guided by a state logic, which prioritizes social and political goals at the expense of efficiency and innovation (Wright et al., 2021). Given significant pro-market institutional transitions (Cuervo-Cazurra et al., 2019a; Meyer & Peng, 2005; Peng, 2003), many SOEs simultaneously incorporate a market logic that structures cognition and shapes decision-making in favor of market competitiveness embodied by innovation (Bruton et al., 2015; Huang et al., 2017; Peng et al., 2016). In other words, informal institutions that influence SOEs’ strategic choices may gradually feature a coexistence of state and market logics (Peng, 2003; Raynard et al., 2020). The looser the grip of state logic, the easier the acceptance of market logic, and thus the more innovative such SOEs become (Wang et al., 2022). By contrast, some SOEs under the tight grip of a state logic may be institutionally constrained to innovate more. Therefore, heterogeneity in innovation lies in organizational hybridity of SOEs and results from the dynamic interaction between multiple institutional logics governing SOEs (Peng & Heath, 1996; Raynard et al., 2020).

Under what circumstances do SOEs interact with institutions to produce varied innovation outcomes? To answer this question, researchers have often turned to the nature and degree of state ownership (Greve & Zhang, 2017; He et al., 2022). SOEs with a low level of state ownership may be less constrained by a state logic, thus leaving room for a market logic that shapes their innovativeness (Zhou et al., 2017). Departing from this dominant research focus, Wang et al. (2022) unveil a *structural* explanation by examining the ownership distance between the ultimate state owner and SOEs in China. Informed by the corporate pyramid literature (Almeida & Wolfenzon, 2006), Wang et al. (2022) map ownership linkages between the state and

SOEs, and turn the spotlight on state-owned pyramids—in which the state directly owns some SOEs, which in turn own other SOEs. As a result, it is the *indirect* ownership by the state—specifically, pyramidal ownership—that explicates certain SOEs' incorporation of a market logic with the presence of a state logic. Specifically, SOEs that are indirectly controlled and that are further away from the ultimate state owner along the pyramidal chains are more likely to respond to an emerging market logic that fuels more innovation. Therefore, ownership distance influences how SOEs embrace a market logic, which in turn results in hybrid SOEs. Overall, embedded in similar formal institutions, SOEs experience different informal constraints. The upshot? Heterogeneity in organizational hybridity as well as strategic choices and outcomes concerning innovation.

In summary, an institution-based view of hybrid organizations can untangle the complex interactions between institutions and SOEs with innovation as an outcome (Wang et al., 2022). Such a focus, going beyond the primary attention paid to state ownership, innovatively probes the mechanisms underlying the relationship among institutions, organizations, and strategic choices (Peng, 2002; Peng & Heath, 1996). In light of the increasing demands on organizational hybridity, such as combining public with private expectations in medical centers (Cappellaro et al., 2020) and social missions with commercial goals in microfinance organizations (Sun & Liang, 2021), more attention to an institution-based view of hybrid organizations is warranted. Questions remain: How do different types of organizations—such as hospitals, universities, and social enterprises—achieve hybridity? Given the variety of institutional logics, how do organizations decide which logic(s) to accept and which to avoid or even reject? After integrating multiple logics, how do hybrid organizations reconcile the often incompatible demands? If conflicts arise, how can hybrid organizations address these ongoing challenges?

Overall, an institution-based view of hybrid organizations can reveal how managers and firms respond to multiple conflicting institutional demands (Pache & Santos, 2013). In a similar spirit, scholars can address Criticism 2 by reaching out higher, wider, and deeper with various strands of the literature to produce integrative and inclusive work, offering “model problems and solutions to a community of practitioners” (Kuhn, 1970), who can in turn blend elements of different institutional demands to construct winning hybrid organizations.

## **An institution-based view of corporate social responsibility (CSR)**

In the absence of legal mandate, CSR is driven by informal institutions. A firm can be seen as a social entity whose survival depends upon the fulfilment of explicit and implicit contracts with stakeholders (Freeman & Evan, 1990; Matten & Moon, 2008). The very embeddedness in social relations sketches the contours of normative and cognitive framework that defines managers' sensemaking, preferences, and decisions (Basu & Palazzo, 2008). Because informal institutions significantly impact CSR engagement, developing an institution-based view of CSR will help address Criticism 3 by pushing further the research on informal institutions.

A primary driver of CSR engagement has been a need to earn legitimacy from stakeholders (Suchman, 1995). It is therefore not surprising that pressures from local and global nongovernmental organizations (NGOs), environmentalists, labor unions, consumer groups, and human rights activists are instrumental in motivating firms to embrace specific CSR activities (Gond et al., 2011). At the same time, deeper and more enduring informal institutions such as cultures and norms continue to shape CSR engagement. For instance, highlighting one of the most ancient social stratification systems—the caste system—Kathuria (2022) shows that social norms permeate boardrooms to influence the choice of CSR activities. Leveraging an institution-based view, Kathuria (2022) finds that due to powerful informal norms discriminating against lower-caste individuals, lower-caste directors may refrain from selecting CSR activities that benefit their own (lower-caste) communities.

Traditionally, some scholars have viewed firms' CSR activities that deliberately benefit the society as unnecessary (Friedman, 1970). Over time, more scholars have acknowledged CSR as critical to enhancing legitimacy among stakeholders (Campbell, 2007). The society in which the firm operates defines the boundaries of acceptable and unacceptable actions, thereby constituting economic, environmental, and societal “rules of the game” that firms need to respect. For instance, if setting up a factory displaces the native rural population, informal institutions may push managers to hire some of the displaced natives, even if these workers may be less efficient than others available in the labor market. Similarly, out of concerns for public backlash, reprisal, and reputational harm, firms may go above and beyond the legal requirements of formal institutions to comply with informal institutions of their community. They may choose to offer compensation or alternative means of living to native populations that their operations displace or invest in costly equipment to avoid contaminating the nearby environment. Local communities may further pressurize the firms to informally limit their discharge to be well below the formal compliance requirements. Overall, informal institutions are a major driver of CSR engagement.

Informal institutions complement formal institutions to influence firms' CSR engagement. Ample evidence exists that CSR is intricately tied to political motivations that differ across regions (Julian & Ofori-Dankwa, 2013; Kang & Moon, 2010; Matten & Moon, 2008). National institutional frameworks determine what counts as CSR, the extent to which firms engage in CSR, how firms incorporate CSR into their operations, and what roles the government play in motivating firms to be socially responsible. Using the typology of liberal market versus coordinated market capitalism (Hall & Soskice, 2001), we suggest that countries practicing liberal market capitalism (e.g., the United States) primarily view CSR as voluntary in nature (Dahlsrud, 2008; McWilliams & Siegel, 2001). On the other hand, countries practicing coordinated market capitalism (e.g. European countries) often actively push firms to perform CSR activities (Matten & Moon, 2008).

The formal institutionalization of CSR in the corporate world has become a global phenomenon (Vogel, 2010). Although many firms have been voluntarily engaging in CSR activities that benefit the society, many governments have formally required firms to disclose or undertake CSR activities (Jackson et al., 2020). Governments in Australia, China, Denmark, France, Malaysia, and South Africa require firms to disclose CSR activities, while governments in India, Indonesia, and Mauritius mandate

firms to allocate certain portions of their profits toward CSR. Through formal institutional pressures, CSR activities have become a key part of business instead of a peripheral choice. Overall, institutional frameworks—via informal and formal constraints—largely determine firms' CSR engagement (Aguilera et al., 2007; Julian & Ofori-Dankwa, 2013; Marano et al., 2017).

The institution-based view has been instrumental in advancing CSR research. More questions remain unaddressed. Can CSR be a localized approach to mitigate grand challenges—such as poverty, hunger, inequality, and climate change—that our world faces today? How do informal institutions promote transitions in formal institutions that mandate CSR? What are the short-term and long-term performance implications of mandatory CSR? At the individual level, CSR is found to positively affect employee morale and employee identification with their firms. Would these effects persist when CSR becomes mandatory? By deepening and broadening our understanding of informal institutions and their linkages with formal institutions—thus addressing Criticism 3—scholars can significantly advance an institution-based view of CSR.

## Discussion

### Contributions

Overall, three contributions emerge. First, this article reviews what has been accomplished in the last two decades since the publication of Peng (2002). Nourished by the broader intellectual movement throughout the social sciences, the institution-based view has synthesized a diverse and scattered body of literature on the dynamic interaction between institutions and firms to form a coherent theoretical contribution. Starting with a geographic focus on emerging economies, the institution-based view has spilled over to inform research on developed economies. The branches of the institution-based view have covered a variety of topics such as corporate diversification, corporate governance, entrepreneurship, family firms, intellectual property rights, and international business strategy. This growing tree (or family of theories) all share a fundamental proposition that institutions matter, but develop in various ways to probe into how institutions matter. Overall, we extend Meyer and Peng (2016) to advance the argument that different lines of research underpinned by the institution-based view are converging toward an integrative paradigm.

Second, this article has responded to three major criticisms. The three criticisms allege that the institution-based view (1) is a transient theory whose importance will decline as emerging economies develop, (2) has too many incompatible flavors, and (3) has overly focused on formal institutions at the expense of informal institutions. In response, we argue that as the world becomes more institutionally chaotic and unpredictable, the institution-based view is likely to become more important going forward on a worldwide basis. Representing diversity and pluralism, the institution-based view is characterized by its many interdisciplinary flavors whose insights can be brought together. Furthermore, the institution-based view can indeed benefit from and contribute to the broadening and deepening of research on informal institutions.

Finally, responding to the three criticisms, we showcase four promising areas of institution-based research as exemplars of a new generation of scholarship. In addition

to the relatively well-developed branches shown in Fig. 3, new branches are sprouting, further strengthening the development of the institution-based paradigm. These new branches include institution-based research on deglobalization and sanctions, competitive dynamics, hybrid organizations, and CSR. These research areas are timely, under-explored, and rapidly growing—so are the larger events that motivate research in these four areas. In other words, the larger institutional context in which research takes place calls for deeper and broader understanding of deglobalization and sanctions, competitive dynamics, hybrid organizations, and CSR—informed by an institution-based research agenda. Adding significant diversity and pluralism to the institution-based view, these and other promising new research areas will make the “big tree” more vibrant and flourishing.

### Limitations and future directions

Given the mushrooming research on the institution-based view, the first limitation of our article is that only limited work has been reviewed. Narrowing down our Web of Science search to work citing four articles—Peng (2002, 2003) and Peng et al. (2008, 2009)—limits the number of articles using the institution-based paradigm. While institution-based research had been conducted prior to the publication of Peng (2002), even research published after 2002 may further the paradigm without necessarily citing any of these four articles. The diversity and volume of institution-based research is simply tremendous (Aguilera & Groggaard, 2019; Cuervo-Cazurra et al., 2019b), making a review of the entire body of literature difficult.

Second, given the large volume of institution-based work since 2002, we cannot concretely differentiate institution-based research from *non*-institution-based research that merely cites one of the four key articles to acknowledge an existing literature. Including articles that only have cursory notes to Peng (2002, 2003), for example, may overstate the topic coverage of the institution-based research. To partially mitigate this problem, we have reviewed leading articles in detail when summarizing research topics to ensure that the institution-based view is one of the main theoretical frameworks. We have also conducted a cursory review of the remaining articles to confirm that they appear to be generally related to the institution-based view. Our word cloud shown in Fig. 1 provides further support for our method, since the featured words are consistent with the use of the institution-based view and “institution-based” is one of the top listed key words.

In terms of future research directions, deepening and broadening the institution-based view is a must (Peng, 2014). Deepening would involve sustained efforts to enrich the existing branches of the family of theories that has become the institution-based paradigm (see Fig. 3). Broadening would entail efforts to grow new branches of the “tree.” For example, given the obvious importance of rule-making in the global battle against climate change, there is potential to develop an institution-based view of climate change (Pinkse & Kolk, 2012). Furthermore, given the criticisms about the lack of progress on research on informal institutions discussed in relation to Criticism 3, future research can develop an institution-based view of emotions and relationships (Voronov & Weber, 2016). Such a focus can help us get to the “heart of institutions,” which is often informal in nature (Voronov & Weber, 2016: 1). Other examples can include developing

an institution-based view of diverse leadership in top management teams and boards (Wang et al., 2019), institutional entrepreneurship (Chen & Sun, 2019), real options (Smit, Pennings, & van Bakkum, 2017), slack resources (Tan & Peng, 2003; Vanacker et al., 2017), strategy implementation (Oppen, 2022), and tax evasion (Gokalp et al., 2017).

## Conclusion

“One thing for sure,” Peng (2002: 263) concludes, “is that the importance of institutional influences will be increasingly appreciated in the new millennium, thus necessitating more attention from researchers, practitioners, and policymakers.” Clearly, this conclusion has been supported by both the advancement of the institution-based view in the scholarly world and its development in the wider world in the last two decades, during which the only constant seems to be institutional change. In 1987, Scott argues that new institutionalism research is in its adolescence. By 2008, Scott suggests that it has approached adulthood. Similarly, Peng et al. (2009: 77) conclude that the institution-based view has reached its adolescence at that time. Now, we can conclude that the thriving research on institutions has culminated in an institution-based paradigm that has approached adulthood.

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