



Competing Institutional Templates in Alliancing: A Micro- Processual Perspective

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Abstract

There has been an increase in research on changes in institutional logics, and on the emergence of new institutional patterns. This growing interest in the process side of institutions and the recognition that institutions can co- exist, and possibly compete with each other, calls for some enlargement of the vocabulary that is used to conceptualise institutions and their development. This paper proposes a classification scheme of institutional templates that might be especially useful to the analysis and description of the dynamic aspects of institutionalisation. It classifies institutions according to (a) their degree of “explicitness” and (b) whether or not they require only loose coupling. The scheme is applied to a case study on the currently ongoing building of alliance groups in the airline industry- and, more specifically, on the institutionalisation of the “alliancing” concept within this industry.

Key Words:

institutional theory; organizational dynamics; alliances; airlines

Introduction

There has been an increase in research on changes in institutional logics, and on the emergence of new institutional patterns. This growing interest in the process side of institutions and the recognition that institutions can co-exist, and possibly compete with each other (Dacin et al, 2002), calls for some enlargement of the vocabulary that is used to conceptualise institutions and their development.

Recognising that “institution” itself is a very broad term that covers social and cognitive phenomena that hold different qualities (see e.g. Nielsen, 2001 for a discussion of differences in institutional frameworks), this paper proposes a classification scheme of institutional templates that might be especially useful to the analysis and description of the dynamic aspects of institutionalisation. The classification scheme is based on different conceptualisations of institutions as e.g. in Meyer and Rowan (1977), Meyer and Scott (1983), and Goodrick and Salancik (1996). It classifies institutions according to (a) their degree of “explicitness” and (b) whether or not they require only “loose coupling” (Meyer and Rowan, 1977). The scheme is then applied to a case study on the currently ongoing building of alliance groups in the airline industry- and, more specifically, on the institutionalisation of the “alliancing” concept within this industry. The aim is to gain an understanding of the degree and in the form in which coordination between interdependent but autonomous firms is acquiring institutional status (Barley and Tolbert, 1997; Alexander, 1998; Hendry, 2000).

Using mostly interviews with organisational actors involved in “constructing” this new form of cooperation, this paper takes a micro-processual perspective on institutionalisation, i.e. it is more interested in the *emergence* of institutions rather than institutions as a final state, and it examines primarily interpretive schemes at *individual* level. The lack of studies investigating institutional processes at a micro-level was deplored by DiMaggio and Powell (1991) and Johnson et al (2003); however, there has been in recent times a notable increase in this perspective (see e.g. Johnson et al, 2000; Wicks, 2001; Daniels et al, 2002).

This paper is structured as follows: First, an introduction to alliancebuilding in the airline industry is given, together with a rationale why this industry in its current state is a good arena for the study of emergent organisational phenomena. After this, a brief overview of the way recent literature has understood the concepts of institution, institutionalisation, myths and ceremonial adaptation of structure is given. Then, a classification of institutions is proposed that allows for conceiving institutions as possessing different properties, and as possibly competing with each other. In a second step, the way this classification can shed light on institutionalisation processes is illustrated with a case study on recent developments in the airline industry: Empirical evidence mainly from interviews with senior and middle managers from different international airlines, as well as press reports and other publicly available material is used to identify themes, or ‘issues’,

that were found to be prominent in the actors' discourses about alliancing. These issues reflect institutions -or sub- institutions- that compete for hegemony in the actors' mindsets. This competition is assumed to be a sign of actors' sensemaking (and sense-giving) in times of organisational change, and it is also assumed to be a stage in the possible emergence of "alliancing" as an institution in its own right.

Multilateral alliancing in the airline industry

Multilateral alliances between firms are agreements of tight cooperation between autonomous, but increasingly interdependent, organisational actors. They do not only strategically concern certain parts of the firms' overall operation (as would be the case with most joint ventures and bilateral alliances), but rather often they have a significant impact on the entire firm, its operations, and even the degree to which it might retain operational autonomy (for a very useful description of multilateral alliances and their dynamics, see e.g. Vanhaverbeke and Noorderhaven, 2001).

Intensive, multilateral co- operation between airlines is a relatively new phenomenon which arose out of changes in the carriers' operating environment, notably the increasing liberalisation of air transport markets (1978 in the US, from 1992 in the EU). This significantly increased the possibilities for competition between airlines. The reaction of the participants in the newly liberalised market was to move towards consolidation, and because mergers and acquisitions are often difficult to achieve in this industry due to anti-trust concerns and national ownership regulations, the number of non-equity co-operative agreements between airlines has increased from around 200 in 1991 to well over 500 in 2002. Co-operation takes place mostly in the area of scope expansion, where airlines link their route systems to provide their customers with access to their partners' route systems, thereby increasing the choice of destinations for each airline's customers. At the time of writing, there are four major airline alliance groups, namely the STAR alliance (led by Lufthansa and United Airlines), oneworld (led by British Airways and American Airlines), Wings (led by KLM and Northwest) and SkyTeam (led by Air France and Delta Air Lines). These alliance groups consist of independent firms that co-operate horizontally in order to meet a market requirement (seamless connections to a large and global range of destinations) that no single actor could fulfil by himself. The organisation of these alliance groups can take various forms, but can involve very tight integration of members and might eventually even entail members submitting to an "umbrella organisation" in the form of a joint alliance governance board. At the time of writing (early 2003), more than 60% of worldwide air traffic is provided by airlines that are members to an alliance group, and this number can be expected to grow further, as passengers come to expect increasingly "seamless" travel to a large number of destinations.

Airline alliance groups constitute multilateral federations of firms that are autonomous, but

increasingly interdependent. One can say that the way to cooperate multilaterally and how to negotiate the “trade-off between autonomy and survival” (Pfeffer and Salancik, 1978) is being enacted by airline managers as they continuously coordinate resource allocation issues and decision-making with partners, all while aiming to retain a maximum of autonomy for their own firm.

Multilateral alliancing can be considered to be an interesting background for studying institutional processes because it (a) has an impact on the entire firm and can hence be expected to require organisational actors to adjust their mindsets to the new requirement - in other words, alliancing at this scale is likely to reach institutional status in the firm, and (b) it is a currently developing organisational form, hence actors cannot follow any pre-defined (and institutionalised) blueprint when building and structuring these alliance groups. They can be said to currently “invent” multilateral alliancing. Indeed, airline alliances seem to be a case of organisational development where in an early stage, organisational action (in this case, the building and enactment of alliances) precede a belief system (e.g. Björkman 1989).

Institutions and institutionalisation

The institutionalist perspective arose out of discontent with the assumptions of 'classical' microeconomic views which hold that efficiency is the driving force behind all organisational decision-making, that inefficient firms will eventually be eliminated by competition, and that variations in structure can be seen as rational adaptations to shifts in technical and environmental conditions. Instead, the institutionalist perspective recognises that there might be different types of rationality (what one might call 'local rationalities') at work within organisational decision-making, not all of which aim necessarily at increasing operational efficiency or at profit maximisation but instead, for example, at gaining legitimacy (see e.g. Meyer and Rowan, 1977). It must be noted that within literature assuming an institutionalist perspective, there are also more or less diverging views on what institutions are, and what an institutionalist perspective entails (for a discussion on the different variants of institutional theory, see, for example, DiMaggio and Powell, 1991; Selznick, 1996; DiMaggio, 1998; Nielsen, 2001). One difference between the various streams of institutionalist thinking is related to the question about the *locus* of institutions; institutions are regarded by some to reside 'outside' the organisation and to consist of central authorities or regulatory agencies (see e.g. Meyer and Scott, 1983), and by others as taken-for-granted assumptions, norms, or shared rules that reside *within* the organisation: "*one can think of institutions as abstract algebras of relations among members of social sets. From this perspective, institutions are to social action as grammars are to speech*" (Barley and Tolbert, 1997). A second difference concerns the question of the *origin* of institutions. The notion of an institution can be that of a product of human *design* (and thus the outcome of *purposive* action),

or of something that is the result of human *activity*, but not necessarily a product of conscious design (DiMaggio and Powell, 1991). A supposed limitation of institutional theory is that it allegedly does not account for active agency and that it thus cannot explain change, neither in organisational structure, nor in the institutions themselves (Kondra and Hinings, 1998). This limitation is, however, debatable. Most of literature that takes an institutionalist perspective does in fact acknowledge manipulation by agency of the emergence and evolution of institutions. For example, DiMaggio and Powell (1988) talk of “institutional entrepreneurs” to account for agency in institutionalising processes; Dutton (1993) introduces the concept of “issue sponsors” as actors who spawn or at least direct an institutionalisation process; Lawrence (1999) discusses “institutional strategy”, where organisations strive to *manipulate* the institutional environment in which they operate, and Townley (2002) discusses “agents for change”. Similarly, Gioia and Chittipedi (1991) describe a managerial actor’s role in a dynamic situation (strategic change) as both passive “sensemaking” and active “sensegiving”. Both are influenced by- and influence - the organisational structure and its development. Barley and Tolbert (1997) establish further conceptual links between action and institutions. They point out that institutions are indeed subject to change, dismantling, and de- institutionalisation (see, for example, Oliver, 1992; Greenwood and Hinings, 1996). Dutton (1993) assumes that there is a “healthy tension” between the idea that issues are passively perceived by actors and the idea that actors actively shape issues. She further assumes that organisational issues are inherently ambiguous, and that actors are motivated to frame and construct issues in a particular way. Dutton assigns this motivating role to “issue sponsors”. An issue sponsor would direct the way a concept is culturally supported. The different degrees of influence an institution can have (Tolbert and Zucker, 1996), then, is to a large extent dependent on the ‘champion’ or issue sponsor of the emerging institution. Issue sponsors can be thought of as raising the legitimacy (or perception of legitimacy) of a concept or idea to the extent that it becomes an institution. Nevertheless, issue sponsors cannot necessarily be seen as guarantors of institutionalisation in a ‘desired’ direction; for example, Molinsky (1999) suggests that the conscious and open promotion of organisational change might indeed produce counter-productive effects.

This paper takes the view that institutions can be subject to active agency (i.e. they can be “sponsored” or “manipulated”), just as much as they can be subject to evolution that was not consciously induced by specific actors. The suggestion made here is that if such an assumption is made, there is a need for a clearer typology of institutions, one that distinguishes their characteristics, and would facilitate the recognition of, and discussion about, institutional changes.

An alternative classification of institutions

In line with Jepperson's (1991) conceptualisation of institutions as *relative* properties, and seeking to operationalise the notion of institutions as a useful tool for the study of organisational behaviour, it is suggested here to conceive them as (a) being subject to evolutionary processes, and as (b) possibly competing with each other for hegemony with a larger constituency (Dacin et al, 2002). If it is assumed that institutions are subject to evolution, it is possible to consider them as *outcomes* of an institutionalisation *process* (see e.g. Lawrence et al, 2001) that passed through what can be called 'sub-institutional' stages. These sub-institutions might be institutions that reside with small constituencies and which later acquire institutional status within a larger group of actors, possibly to the detriment of other, competing, sub-institutions. Institutions might also be the outcome of merging sub-institutions. Thus, sub-institutions have the same essential qualities as institutions. They are considered sub-institutions only in relation to the actual or possible emergence of a 'supra-institution', which resides with a larger constituency than the sub-institutions did.

In order to describe this process, it is proposed here to classify institutions –and sub-institutions– according to two dimensions. First, institutions can be classified as to whether they are 'High Code' or 'Low Code'. 'High Code' institutions would correspond most closely to those described by Meyer and Scott (1983); they are based on clearly stipulated, well defined regulations, norms of adherence, rules, or laws. 'Low Code' institutions, on the other hand, are those, which are more contextual (such as prevailing practices considered to be "professional", as described, for example, in Goodrick and Salancik, 1996). Low Code institutions can be seen as grounded in tacit understandings of "the way things are" or "the way things are done" in a certain context. A second classification can be set up to distinguish 'strong' and 'weak' institutions. This distinction is linked very closely to Meyer and Rowan's (1977) notion of "loose coupling." A 'weak' institution would be one that requires only ceremonial adaptation mostly in an attempt to gain legitimacy. A 'strong' institution, however, requires tighter coupling in the sense that it is required to reside inside the mindsets and beliefs of stakeholders. It is not questioned as such. The following table gives some rather crude examples for each category in order to help characterising these different types of institutions

High Code	“TRAFFIC LAWS” Regulation, laws, associations etc. One needs to adhere to gain legitimacy and rules are clearly written down, but there is no requirement for actors to internalise these rules.	“RELIGION” Fairly clear stipulations and rules, wholeheartedly embraced, internalised and part of mindset.
Low Code	“MANAGEMENT FADS” On everybody’s lips, but unclear conceptualisation. Variations in interpretations possible. Adherence is mostly displayed by actors in an aim to gain legitimacy.	“DEMOCRACY” Relatively loosely defined concept open to interpretation and adhered to in different ways according to context, but clearly a part of stakeholders’ mindset; used as an ‘icon’.
	Weak	Strong

Table 1: A broad classification of institutions

The above categorisation acknowledges the institutional status of a wide variety of phenomena, which all comprise shared ‘grammars’ and are based on common understanding, but which nevertheless differ widely in the extent to which they are a part of stakeholders’ innermost belief systems or mindsets (i.e. weak versus strong), and in the degree to which they are clearly defined or just rather vague conceptualisations (i.e. High Code versus Low Code). It is possible for institutions to pass from one category to another as they emerge, develop, or are “sponsored”. In some cases, this passing can be fraught with ambiguity and potential conflict. For example, if a strong institution that is low-code is pushed by some constituencies (e.g. “issue sponsors”, see above) toward becoming highly coded, and other constituencies promote a ‘competing’ strong but low- code institutional template, ambiguity arises as to formalising – or coding- the institution. This process can also trigger highly emotional responses from stakeholders because both competing sub- institutions are “strong”. World history is rich with examples for such a process where high ambiguity and high emotional involvement meant that with strong institutions, the passage from low code to high code was painful.

Methodology

This paper uses an investigation into the way alliancing is institutionalised in the airline industry as an illustration of institutionalisation processes in organisations undergoing substantive change. Data were gathered from publicly available material (press statements, annual reports) as well as through semi- structured interviews with ten senior airline managers, seven middle managers and nine frontline employees, representing nine different international airlines (for a full description of sources and interviewing techniques, see Vaara et al, 2003).

Following a Grounded Theory approach to data evaluation (see, for example, Glaser and Strauss, 1967; Martin and Turner, 1986; Strauss and Corbin, 1998; Eisenhardt, 1989; Locke, 2001), in a first round of data sifting the material obtained was checked as to whether there were any common themes or ‘issues’ that were brought up with a certain frequency. Concentrating on these “in vivo labels” (Strauss and Corbin, 1998), or the main issues addressed in discourse, was based on the idea that selectivity is an essential characteristic of consciousness (Scott, 1995), i.e., the ‘perceived truth’ (or what one could call ‘para-truth’) is very much a function of selected and re-produced discourses.

Aided by previous participant observation and general knowledge of the industry, it was then sought to conceptualise these issues. From the discourses on alliancing that emerged out of the empirical material collected, three main thematic groups (reflecting ‘issues’) could be identified, namely ‘Positive’, ‘Pragmatic’, and ‘Independence’-related discourse. Within each of these groups, discourses could be classified into a number of sub-themes.

Spoken or written discourse has been used as a basis for institutionalist research e.g. by Johnson et al (2000), Walgenbach (2001), and Wicks (2001). It should be noted that discourse is considered here “*in its most general, everyday sense to mean any body of language based communications however organized, whether or not these are concretized as texts*” (Hendry, 2000).

Also, a possible difference between uttered discourse and discursant’s intention is accounted for. In other words, it is assumed that some discourse can be performed *hypocritically*, i.e., not necessarily reflecting (perceived) truths and/or the informant’s opinion, but rather primarily uttered in order to gain legitimacy in front of some constituency. In fact, hypocrisy can be argued to constitute a significant element of everyday managerial discursive practice. In line with Reed (2000), it is proposed that agents can “*play with discourse*”, and “*use it in the context of power relations*”. Indeed, Kilduff (1995) points out that “*organisational participants can actively participate in the reproduction of institutional arrangements with which they may fundamentally disagree*”. Nevertheless, because informants are seen as ‘interpreters’, the fact that certain issues emerged repeatedly and across firms or alliance group can allow the assumption that these themes do indeed represent ‘interpretive schemes’, or ‘myths’, regardless of the informant’s personal belief. In addition, the concept of “weak” institutions as opposed to “strong” ones is capable of accommodating hypocritical discourse.

Alliancing discourses in the airline industry

(Note: Due to the frequent requirement by the interviewees’ airlines that the author sign a confidentiality agreement, in most cases the identity of the speaker’s airline or that airline’s alliance group membership cannot be revealed in the following interview excerpts)

The 'positive' voices on alliancing

Airlines include the topic of alliances in their press releases typically upon joining such an alliance, entering tighter cooperation –such as a Joint Venture- with a partner, or upon ‘welcoming’ a new airline to their existing alliance group. Press statements regarding a carrier joining an alliance were found to be almost interchangeable, with little or no variation between them. They all refer to the alliance being a brand of quality, to the airline being a “worthy” member of this group of excellence, and to passenger benefits resulting from a larger network. Other alliance- related announcements refer to very specific customer-oriented features such as joint airport lounges, joint check-in facilities, or new codeshares. This could be expected, as public speech on alliances was almost exclusively directed at passengers and shareholders.

“oneworld™: WHAT THE CEOs SAY

Bob Ayling, Chief Executive of British Airways, said: "Our customers have told us they want airlines to work together to raise standards of service across the world. oneworld™ will do just that. It will bring together five leading airlines to maximise benefits for our customers, employees and shareholders."

Don Carty, Chief Executive of American Airlines, said: "We started this alliance effort by recognising it's all about people. We want to enhance the travel experience for our customers, improve the competitive position of our respective airlines and thus provide opportunities for our employees, as well as create value for our shareholders by building the world's premier airline network. We're prepared to set the standard for the industry by being the best and we think we have all the tools to make that happen."

Kevin Benson, Chief Executive of Canadian Airlines, said: "oneworld will deliver unrivalled benefits across our partner airlines, ensuring that our customers are recognised across all airlines as if they were their own."

David Turnbull, Chief Executive of Cathay Pacific Airways, said: "This alliance is superb news for Cathay Pacific's customers and those of our partner airlines. Customers travelling on oneworld will receive the highest levels of service and product available."

James Strong, Chief Executive of Qantas, said: "oneworld will provide each of us with a great opportunity to provide worldwide high quality service to our customers through airline partners acknowledged as world leaders in the aviation industry."

(oneworld press conference, September 21, 1998)

Interestingly, these public statements very seldom referred to the implementation of the alliance. No information concerning the set-up or organisation of an alliance group could be inferred from press releases or speeches.

Apart from formal press releases and in the bulk of their press interviews given and public speeches held, airline senior management still concentrate on internal matters –this might be chiefly due to the fact that these speeches are typically addressed directly or indirectly to shareholders and potential investors, who are more interested in matters concerning a particular airline. Indeed, after joining an alliance was announced, relatively few press releases and public statements referred to the alliance. Supposed or real customer benefits and the quality image were

instead communicated via signs at airports, leaflets sent to members of frequent flyer programmes, and in-flight magazines, i.e. at the point of immediate contact with and use of the airline product (booking and taking a flight), rather than in corporate information about the airline and its strategy.

Pragmatic discourse

Beyond the discourse clearly destined to a stakeholding public (passengers and investors), the first large block of discourse that occurred regarding alliancing can be labelled as 'pragmatic'. Here, alliancing as such was no longer questioned. Alliances were seen to be inevitable, but difficult or tedious to implement.

THE INEVITABILITY OF ALLIANCING AND DEFENSIVE RATIONALES

If a set of carriers starts to link their route systems, other airlines are compelled to follow suit by establishing alliances, in order to match their competitors' moves and be able to offer what soon became the industry standard of "seamless travel" across allied airlines. This 'domino effect' has by now created a situation where most airlines' management expressed their feeling that they had no choice but to join an alliance, since their competitors were doing the same thing. In the words of one senior manager:

"If there was no other alliance grouping formed, I don't think you'd need to join [alliance name]. Once other alliances form, they suck existing traffic into their network so you have to create a parallel network to make sure that you keep your traffic. "
(Senior Manager)

Expressions of this inevitability of alliancing were indeed very strongly reflected in the material:

"It's inevitable that we'll end up linking with someone at some stage, in some form"
(Senior Manager)

"We found that if you didn't align yourself to one of the global groups, you were in danger of finding your interlining ability curtailed. [...] So the danger was that our ability to operate a global network would be contracted year after year. "
(Senior Manager)

These examples suggest that specific airlines are placed in a position where their strategic options may appear very limited. The question does not any more appear to be *whether or not* to join an alliance, but *which* alliance to join.

IMPLEMENTATION PROBLEMS

The more critical views concerning the alliances usually focused on cooperation problems. It was interesting to observe that in the interviews, criticism did never touch upon the alliance as a strategic idea per se, but rather described any problems as 'implementation issues'. People working in airlines at all levels frequently pointed to difficulties in cooperation with their partners. Front-line staff frequently told lengthy accounts of how coordination with a partner airline went wrong in a particular instance. Most of these accounts referred to inadequate information structure (e.g. not fully compatible IT systems and not knowing who to contact on technical issues within the partner airline) between partners. In almost all interviews (and indeed across all alliance groups), senior and medium level managers discussed at some length inefficient decision making processes at alliance levels. For example, alliance-level coordination mechanisms and meetings were very frequently perceived as tedious and inefficient, as described in the following comments:

"A medium-sized airline as ours does not welcome a flood of meetings, you know that, it gets too much, and we are too small to send everybody to meetings, we are an operating airline, we have to fly planes. So, as a smaller airline, you have this maximum level of tolerance for these meetings and coordinating stuff. "
(Senior Manager)

"In those [alliance coordination-] meetings, they just talk about how to cooperate. And they never agree on anything. Then there's never enough time to decide on what we should actually do together."
(Senior Manager)

Middle managers seemed to have the same problem at their level of meetings:

"In these meetings, there is a problem in that they don't decide very much. There's a lot of stuff on the table, but they cannot reach a decision."
(Middle Manager)

One airline's deputy CEO even saw this as a topic for future academic research:

"It would be attractive to know what you guys might think in terms of the unmanageable size of an alliance, in other words, how many carriers can be in an alliance before it begins to be dysfunctional. "
(Senior Manager)

In sum, in "pragmatic" discourse, no interview partner questioned the sense of alliancing as such, or the rationale for his or her airline to have established cooperative agreements with partners. Instead, alliancing was described as rational behaviour in the context of the restructuring of the airline industry. Nevertheless, the implementation of cooperation was frequently described as tedious and inefficient.

Independence-related discourse

In a stark contrast to the rationalisation of alliancing was another central theme in the various texts, namely 'independence'. One could distinguish three central issues, namely 'nationalistic issues', 'buffering', and 'avoidance'.

NATIONALISTIC ISSUES

Airlines –whether government-owned or not- tend to be seen as national symbols. Their names frequently reflect their country of origin, and in many countries there is a good amount of emotional attachment of citizens to their national airline. Two types of nationalistic discourse could be identified. The first could be called 'partisan' discourse, which aimed at stirring up and using stakeholders' emotional attachment to their nation / their airline. The second type was not directly appealing to emotions, but simply cited cultural differences as an obstacle to smooth cooperation.

In 'partisan' discourse, the airline is considered to represent the 'essence' of national characteristics. One example how airlines themselves use and evoke these emotions is a press statement by Aerolíneas Argentinas, the national airline of Argentina. After it had suspended international services for several months due to insolvency, Aerolíneas resumed operations abroad in late 2001. Accompanied by a large and very emotional campaign in the national media, the press statement read as follows

Aerolíneas Argentinas is going to recover its routes; it will start flying again. And that means a lot. From November 4, our flag will be back in [list of international destinations]. Aerolíneas Argentinas is back. And what is also back is this satisfaction of taking Argentina where it has to be.
(Aerolíneas Argentinas web site, Nov 7, 2001; translated)

The tone of the statement, referring to "our flag" and the apparent imperative to take Argentina "where it has to be" invokes the emotional attachment of the Argentine public to their carrier.

Interestingly, partisan discourse was used by senior managers in press statements, but it never occurred in the 'informal' discourses of top or middle managers when they were interviewed. Partisan discourse was, however, the prevailing discourse type among front-line workers, and was frequently delivered in a rather emotional way:

“I think the Finnish people have always wanted to be independent [...] If there were no more Finnair, I think there would be a big shock for the nation of Finland.”
(Check-In Officer at Finnair)

Top Managers only referred to nationalistic discourse when talking in public. For example, the head of Japan Airlines defended their portfolio strategy with a reference to the perceived special nature of Japanese travellers' needs:

“We feel it is very important to provide services which suit Japanese customers. We have to watch multilateral alliances carefully to see if they can offer service which meets Japanese travellers' needs. “
(Senior Manager, Japan Air Lines Press Release)

In a few occasions, and national characteristics were given as a reason for the pursuit of an independent strategy:

After the demise of Swissair and during the efforts to set up a new airline on the basis of the surviving regional carrier Crossair, the C.E.O. of Crossair referred again (or still) to nationalistic emotions as he addressed the workforce of that possible new airline:

"Our government and industry have given us a job to do. They want our country to continue to have a national airline, and we want to achieve this objective together and build our common future."
(André Dosé, C.E.O. Crossair, in a speech to Swissair / Crossair employees on November 16, 2001)

In addition to appealing to employee or stakeholder emotions, national characteristics were frequently also referred to in a more ‘operational’ way, addressing the lack of compatibility with partners:

"well, when you have an American and an English in one place, they cannot reach a decision. "
(Middle Manager, referring to alliance coordination meetings)

More concretely, an Air France employee admits a difference in the way of working between the French and the Americans:

“I have to say as someone who works with Air France, it's been difficult, from an employee standpoint. These cultural differences are a big reason for that, too. Air France’s operation runs like Delta's now. [...] But their workers are not used to the "American" way of work rules and benefits. That's been the hardest issue between Delta and Air France. Actually, the same goes for all the Skyteam members.
(Air France employee in Airwise online discussion forum, June 2001)

Especially at front-line and middle management levels, the distinction between “us- and- them” seemed to be very strong. For example, employees resent having to give up routes for the alliance’s sake:

“I think it's a shame that we had so good connections and now [with the alliance] we have cut down our route structure quite a lot. And I think that's a shame, it takes a certain edge off the business. People do remember, they say ‘do you remember when we used to fly this route ourselves?’ it eats into morale quite a bit.”
(Middle Manager)

Another interesting comment hinting at a strong “us-and-them”- mentality was made by a middle manager who had been involved in the (failed) merger preparations between KLM and Alitalia:

"The problem was that we had different priorities within the firm, so the new Joint Venture had two bosses; one was green, Alitalia; and one was blue, KLM. So what happened? The boss in Alitalia asks you for something, and also the boss KLM asking you the same, or other things. So you had to decide the priority. And most of the old people, just from their point of view, they automatically decided to give priority to the "green" order, instead of the "blue" one, it was a really competitive environment, because there was competition between Alitalia and KLM, well, there was nothing written, but you can feel this."

(Middle Manager involved in merger coordination activities; Alitalia)

THE 'BUFFERING' ISSUE

This prominent theme explored the possibilities for buffering the airline from too much outside influence. The preservation of one's own airline's independence was indeed seen by all informants as the main obstacle to tighter alliance integration:

"Too often there are very ambitious [alliance] strategies being developed and when it comes to the crunch of trying to deliver it somebody hides behind, but the reason they don't want to move forward in a multilateral sense is that they don't want to give up their sovereignty and too often the decisionmaking in this context, if it gets pushed down the food chain too much, the individuals concerned are very defensive because they see their own personal local sovereignty been taken away from them, so, that I think is a problem that most alliances haven't yet successfully delivered on."

(Senior Manager)

The interviews covered only personnel at small to medium sized airlines, and one could find frequent recurrence to the theme of buffering especially from the overwhelming influence of the larger partners:

[in alliance group Z] you have the strange position where the potential two leaders can often be at odds and it allows the smaller airlines to be more influential. So from a [Alliance] point of view that's a weakness, from a small airline's point of view it is an advantage.

(Senior Manager)

One small airline's Managing Director openly admitted during the interview that he was interested in "protecting" his airline's freedom:

"...well, it has to make sense on the [Alliance] book, but apart from that we have all the freedom, and we are protecting that, let's say [laughs]."

(Senior Manager)

One senior manager gave the example of STAR lead airline Lufthansa as an especially 'overwhelming' partner, and offered his interpretation of his own and partner airline Finnair's decision to join oneworld:

“The way I interpret STAR, and we had a lot of discussions with Lufthansa before we choose, the way I interpret it is that this alliance is driven very heavily by Lufthansa, and...like...the characteristic of Lufthansa is that they push you very hard, and [Pause]...you have to conform [laughs]. So there isn't an awful lot of room for dissent if you are a small carrier. [laughs] I think, you know, the way for our friends in Finnair is oneworld is a healthier place to be at this stage.”

(Senior Manager)

Interestingly, a 'healthy place' was considered one where dissent and nonconformity, in other words, free decisionmaking, was allowed for even a small partner.

There was also some suspicion that partners might desert the alliance or otherwise be uncooperative:

"You have to negotiate pretty smartly, I think, because you are never sure in a structure which is sub-optimal whether it is going to survive or whether it's somebody going to seek a slightly better position for themselves by changing alliances, so you've got to think in terms of -- you must plan for [laughs] for the doomsday."

(Senior Manager)

THE 'AVOIDANCE' ISSUE

This theme reflects an expression of the desire to prevent the alliance from taking too much influence over one's airline – or to avoid alliance group membership if at all possible. For example, Austrian Airline's switch from the Swissair- led Qualiflyer group to the STAR alliance was attributed to the greater possibility of self-determination offered by one group as opposed to the other. In an interview, one of Austrian's managers stated that Austrian Airlines' move toward STAR was clearly triggered by Qualiflyer partner Swissair's attempt to acquire a blocking minority in that airline:

“We let Swissair know that it was not in our interest that Swissair gets close to a blocking minority in Austrian. Why? Because we would like to keep ourselves as long as possible as an independent airline. That won't be possible forever, probably, but we intend to [try]. We see no reasons at the moment to hastily precipitate ourselves into the financial hands of another airline.”

(Senior Manager, Austrian Airlines)

In the aftermath of the failed integration between KLM and British Airways in mid-2000, the C.E.O. of KLM resorted to stressing his airlines capability to go it alone, thereby implicitly downplaying the absolute need for an alliance with a competitor:

“During the discussions with British Airways, KLM has successfully continued to focus on the development and profitability of the company. While we continue to believe that consolidation in the European aviation industry is inevitable, we at the same time remain convinced that for the foreseeable future, KLM has bright prospects on its own.”

(Leo van Wijk, Chairman KLM, in a press statement on KL-BA alliance failure; September 2000)

Frequently, the reluctance to integrate too tightly was defended with the fact that up to now, the alliancing scene is still considered to be too unstable...

"They [Alliance groups] have not really settled yet, there is a danger that you can spend a lot of effort, resources and money in this alliancing, and then you find out that it doesn't suit you. Or that it doesn't suit them. And then you have to separate again and that creates difficulties."
(Senior Manager)

...or, less frequently, because alliancing as such was seen as inherently detrimental to the airline:

Virgin Atlantic Boss Richard Branson has again distanced his airline from forming any alliance, claiming that such groupings "squeeze the smaller carriers and bring no real benefits".
(RATI online news service, 12 Jul 99)

As to outright alliance avoidance, non-aligned carriers such as Emirates tend to openly justify their choices of avoiding alliance group membership:

[Emirates corporate treasurer] Peermohammed notes that Emirates is concerned that a global alliance strategy may conflict with the development of Dubai International Airport as an Emirates hub. He says the carrier is "not sure that joining an alliance would make us a feeder airline for others"
(RATI online news service 06 April 2000)

Statements like these, which are aimed at a stakeholding public, reflect the main concern of the firm to preserve its independence as an operational (and share issuing) entity.

A note on evidence gathered after September 11, 2001

The terrorist attacks on the USA of September 11, 2001 had an immediate and profound impact on airline operations all over the world. Passenger numbers and thus revenue went down significantly, while costs to airlines remained the same or even went up due, for example, to heightened security measures and increased insurance premiums. Most airlines reacted by laying off staff and cutting routes or at least frequencies to destinations of lesser strategic importance. Data gathered after this date did, however, reflect the same issues as before. In some occasions, senior managers mentioned that due to the ever-increasing need for cost cutting in their airlines, many alliance coordination efforts considered as non-essential had been put on ice. A typical example was the following statement:

"We've been given this mandate by [alliance group] to become the [marketing-related area of expertise] centre so to speak of [alliance]. And there was lots of money that went into that. But now after September 11 things

changed, and they looked at which cow they could kill to save money, and the [area of expertise] project was one.”
(Senior Manager)

Beyond these possibly temporary steps to reduce costs, there seemed to be a tendency within airlines to become even more critical of alliancing and concentrate on protecting themselves first. In the winter 2001 / 2002, the management of SAS Scandinavian Airlines management did for the first time openly voice concerns about a possibly too tight integration with Lufthansa within the STAR alliance. In a speech to employees in November 2001, SAS President and CEO Jørgen Lindegaard said that

“It is still possible for us to avoid having our wings clipped and being reduced to a regional feeder carrier...SAS is going to remain a strong, independent, customer-oriented airline that chooses its own way”.
(Source: ATW online News Service December 3, 2001)

This fairly strong statement was in fact the only example of clear ‘anti-alliance’ discourse that could be retrieved from publicly available material; all other such discourse occurred exclusively during the interviews. It was especially interesting to note that interview partners from other European airlines were aware of SAS’s recent openly critical stand to close cooperation with Lufthansa. One senior manager (not from SAS) interpreted the SAS statement as follows:

“When times are good like they were the whole nineties, everybody was happy because the traffic was growing. But now after September 11, everything is going down the drain, and all the airlines are just thinking about themselves. So this is the time when SAS, who used to be a quite loyal partner in STAR is saying, hey, are we a little bit led, you know, by a string? [laughs]. And now when everybody is looking at their own cabin [load] factors, profitability, you know, it hurts.”
(Senior manager)

'Countervailing Myths' in action

The issues that emerged from the interviews and written material gathered could be broadly grouped into whether they were ‘positive’, ‘pragmatic’, or ‘reluctant’. The following table depicts the distribution of voices that occurred in the empiria collected:

Issue		PR	Media	Senior Mgmt	Mid Mgmt	Front-line
POSITIVE	good for customers & shareholders	HEAVY	yes			some
	good for airline	HEAVY	some			
PRAGMATIC	defensive	some	yes	yes	yes	some
	no choice	yes		HEAVY	HEAVY	HEAVY
	implementation problems		some	yes	HEAVY	yes
RELUCTANT	airline culture	some			yes	HEAVY
	nationalistic	HEAVY	yes		some	HEAVY
	buffering			HEAVY		
	avoidance			HEAVY		

Table 2

It was interesting to note that the ‘positive’ theme was found almost exclusively in discourse directed to a stake holding public (e.g. passengers, shareholders). Another interesting issue is that on one hand the alliance-related rhetoric clearly points at acceptance of the alliance concept. Actors did not question the alliancing environment as such and especially at middle management levels expressed the need for a clear alliance hierarchy in order to smoothen cooperation efforts. On the other hand, one could observe that in the interviews where they knew that neither their own nor their airline’s identity would be divulged, managers resorted heavily to ‘partisan’ and ‘independence-related’ discourse. It seems that some of the strategic responses to institutional processes that were described by Oliver (1991) occur simultaneously in a firm, at least at discursive level and during times of organisational and institutional change. In the present case, of these four strategies especially acquiescence (obeying rules and accepting norms) and avoidance (“buffering”; loosening institutional attachments) seem to be competing reaction schemes.

This can be called the phenomenon of ‘countervailing myths’. On one hand, actors gain legitimacy by referring to the ‘positive’ myth of alliancing being good for the shareholders, and of alliancing as improving the competitive advantage of their firm. On the other hand, the very same actors gain legitimacy in front of another (e.g. internal) constituency by referring to the myth of ‘independence’ with which the airline buffers itself from the alliance. In short,

countervailing myths exist because of loose coupling; actors need to be seen serving (or gaining legitimacy in front of) different constituencies with sometimes opposing agendas.

The way in which the prevalent myths reflect the emergence of the institution “alliancing” can be described by using the distinction between strong and weak /high- and low-code institutions as described above. The following sub- institutions could be identified:

1. Since actors do not question alliances as such, it can be assumed that the ‘**alliance environment**’ is a strong institution, i.e. an integral and no longer questioned part of actors’ mindset. It seems, however, that this institution is still fairly low code, in that there is no fixed recipe for cooperation, and no clear blueprint to follow when building an alliance. The high incidence of interviewees mentioning alliance implementation problems due to the lack of a clear decision-making structure and frequent complaints about inefficient meetings, is one indicator of low coding.
2. Whereas the need to cooperate, or the alliance environment itself, has been internalised by actors, this does not seem to be the case with the concept of an actor’s own airline as an integral part of an alliance group. In other words, concrete **alliance membership** remains still a relatively weak, and also low-code, institution.
3. A further element of alliancing is the **rules of cooperation** themselves: Especially in the case of tight cooperation such as in a Joint Venture, these rules are clearly spelled out, frequently underlined by external displays of cooperation such as joint airport facilities or joint marketing efforts.. These rules of cooperation can be said to have reached a relatively high code; however, the evidence gathered from actors which represented airlines that were tightly cooperating with a partner hinted at a prevailing “us-and-them” mentality and thus at a strong tendency of actors to allege primarily to their own firm, not to the ‘superstructure’ of cooperation. Thus, the ‘rules of cooperation’ can be considered a relatively ‘weak’ institution.
4. At the same time, actors’ discourse clearly reflected a strong institutionalisation of the concept of their **own airline as an independent unit**: Expressions of loyalty, the high incidence of independence-related discourse and partisan themes reflect this. This institution can be assumed to be the ‘oldest’, and thus the ‘most entrenched’ one. It is also fairly highly coded in that airlines tend to have strong corporate cultures where an idea of the airline, as well as rules and prescriptions for ‘the way things are done’ (tacit or not) are shared by organisational members.

In sum, current sub-institutions in the “alliancing” context can be depicted as follows:

High Code	RULES OF COOPERATION	OWN FIRM
Low Code	ALLIANCE MEMBERSHIP	ALLIANCE ENVIRONMENT
	Weak	Strong

Table 3

The “Partisan” and “Independence” themes can be seen as countervailing forces to the establishment of alliance membership and of the alliance itself as a strong institution. This is in line with Bartunek (1984), who found that changes of interpretative schemes occur in a “dialectic” manner in that there is interaction between old and new ways of interpreting. Johnson et al (2001) call this “competing institutional templates”. The dialectic concept is indeed useful because it assumes a process, rather than a static perspective on institutions. In addition, examining the dialectic aspect of organisational processes is helpful in investigating an organisational phenomenon where two somewhat antagonistic social structures (in this case, the individual airline and the alliance group) both claim allegiance.

However, in the present case the question remains whether there is ever going to be an “outcome” of this dialectic process at all, or whether the dialectics of countervailing institutional templates is going to be an integral feature of federation between autonomous, but still interdependent, firms. It appears that one of the reasons why alliancing has not (yet?) reached the status of a strong institution is that its “cognitive pillar” (Scott, 1995) is missing; in other words, alliancing is not culturally supported. Whether or not alliance membership will eventually reach the level of a strong institution will to a large extent depend on the presence or absence of ‘credible’ (i.e. legitimate, and legitimacy-giving) “issue sponsors”.

Conclusion

This paper introduced the distinction between ‘weak vs. strong’ and ‘low-code vs. high-code’ institutions. This distinction in connection with the concept of ‘countervailing myths’ might help in conceiving institutions as possessing different properties, as competing behavioural templates, and as being subject to evolution, and possibly conscious manipulation. Because it allows for taking hypocritically uttered discourses into consideration, this classification can also be useful to explaining why some institutions only require and support “loose coupling,” and others do not.

Increasingly, it is recognised that the way- and degree- to which certain issues are institutionalised within an organisation is considered to be influential in that organisations development (see e.g. Dutton and Jackson, 1987; Ring and Van de Ven; 1994; Barley and Tolbert, 1997; Hasselbladh and Kallinikos, 2000). If “issue- sponsoring” becomes an integral part of consciously pursued managerial actions (and this can range from introducing and nurturing “fads” to full-scale organisational reorientations), a more fine-grained view of institutional types can also be useful in the larger context of understanding the development of organisational practices.

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