

# **MNE as a catalyst for field-level institutional changes in the Russian bakery sector**

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## ABSTRACT

**Purpose:** This paper focuses on analysing how foreign entry by a multinational enterprise (MNE) can act as a catalyst for change in field-level institutional logics in a transition economy context.

**Methodology:** The paper presents an empirical single-case study on the effects of an MNE's entry on a particular industry in an emerging market's context. The empirical study follows abductive reasoning: based on the interplay of previous literature and empirical observations, it identifies mechanism through which MNEs can catalyse change in field-level institutional logics.

**Findings:** The study shows that, in addition to general market transition influenced by state-level policies, individual companies' strategies, actions and market behaviour also significantly contribute to the development of a host industry's field-level institutional logics. More precisely, a case study of a Finnish MNE's entry into the Russian bakery market identifies the mechanisms and various change pathways through which the entry of a single MNE into a transition economy can significantly alter the institutional logics of a particular industry.

**Originality/Value:** The study employs a novel perspective that incorporates the ideas, concepts and insights of an institutional logics perspective to MNE entry research for empirical analysis and theory building.

**Keywords:** bakery industry, case study, emerging economy, institutional change, institutional logics, MNE entry, Russia.

## 1 INTRODUCTION

The opening of new markets in Eastern Europe and Asia during the 1990s boosted International Business (IB) studies in new national contexts, characterised by substantially different business environments from those of the developed world. The institutional transitions taking place in these emerging markets, as ‘fundamental and comprehensive changes introduced to the formal and informal rules of the game that affect organizations as players’ (Peng, 2003, p. 275), stressed the importance of understanding the role of institutional forces on businesses. Along with the growing research interest in emerging economies, the use of institutional theories in IB studies also increased (Meyer and Peng, 2005). Ever since, the impact of institutions on multinational enterprises (MNEs) has been an important IB research topic (see Aguilera and Grøgaard, 2019).

IB research in the field mostly follows neo-institutionalism (e.g. DiMaggio and Powell, 1991; Scott, 2001), according to which ‘organizational survival is determined by the extent of alignment with the institutional environment; hence, organizations have to comply with external pressures’ (Kostova et al., 2008, p. 997). Until recently, this deterministic, neo-institutional view led IB scholars to neglect the important agency role of MNEs through which they also construct their institutional environments (Kostova et al., 2008; Regnér and Edman, 2014). Although previous IB literature acknowledged the MNEs’ ability to affect regulative institutions through, for example, lobbying (e.g. Ahmadijan, 2016; Hillman et al., 2004), its primary focus on formal institutions (Sauerwald and Peng, 2013) caused less attention to be given to the more subtle potential influence of MNEs (cf. Saka-Helmhout et al., 2016) on host country informal institutions. Furthermore, extant IB studies often operationalised institutions at the country level (Regnér and Edman, 2014). Such macro-level analysis does not consider the industry-specific normative and cultural-cognitive institutional environments that MNEs face when entering host-countries (Orr and Scott, 2008). Hence, Regnér and Edman (2014)

argue it is important to study the dynamics between MNEs and host country institutions by focusing on MNE subunit and industry levels.

Recently, organisation theory literature emphasises the agency role in field-level institutional change (Micelotta et al., 2017). Organisational fields are clusters of organisations and occupations whose boundaries, identities and interactions are defined and stabilised by shared institutional logics (Scott, 2001). Attention is directed to actors as ‘institutional entrepreneurs’ and processes by which they produce change (Battilana et al., 2009; Micelotta et al., 2017). However, it is assumed that institutional change is an outcome of purposeful ‘institutional work’ (Dacin et al., 2002; Lawrence et al., 2011). The possibilities that institutional change is caused by individuals or organisations without an intention to deliberately challenge or disrupt existing institutional arrangements and that minor alterations can accumulate and create institutional change are overlooked (Micelotta et al., 2017).

An interest of this study is to understand the unintended effects (or spillovers, see Cantwell et al., 2010) of MNEs on informal institutions in a host country at field level. Recent developments in institutional logics literature (e.g. Micelotta et al., 2017; Thornton et al., 2012) offer a fruitful ground for studying field-level institutional change for two reasons. First, the institutional logics perspective acknowledges behaviours and phenomena occurring at different levels of analysis (e.g. individual, organisation, field) (Micelotta et al., 2017). Second, prior contributions from the institutional logics perspective provide a comprehensive framework for analysing various types of institutional change processes—change can be transformational or developmental in scope (Thornton et al., 2012) and revolutionary or evolutionary in pace (Micelotta et al., 2017).

Following the institutional logics perspective, this study focuses on analysing *how a foreign entry by an MNE can act as a catalyst for change in field-level institutional logics in a transition economy context*. The study aims to identify various change types caused or promoted

by an MNE subsidiary in a particular host country's industry field and the mechanisms by which these changes spread from organisational- to field-level institutional logics. This aim is pursued by presenting a single-case study on an entry of a Finnish MNE into the Russian bakery sector. The empirical study follows abductive reasoning (e.g. Easton, 2010; Welch et al., 2011) and develops theory on the mechanisms through which MNEs can catalyse changes in institutional logics of the host field.

Since much prior research on institutional logics was conducted within certain geographical boundaries, overlooking cross-border situations, this study contributes to the literature by bringing attention to the special characteristics of MNEs as institutional actors. MNEs are, by definition, boundary-spanning organisations exposed to alternative practices, norms and behaviours (Ghoshal and Bartlett, 1990; Regnér and Edman, 2014). As such, they may catalyse change in a host industry's institutional logics by bringing in another set of taken-for-granted practices, beliefs and values.

In addition, this study contributes to previous research on MNEs as agents of institutional change (e.g. Regnér and Edman, 2014; Saka-Helmhout and Geppert, 2011) by also focusing on the unintentional institutional changes (spillovers) that evolve over time in the interplay between multiple levels of institutional logics. Thus, the study answers the recent call for more research on institutional change and its drivers (Aguilera and Grøgaard, 2019).

## **2 THEORETICAL BACKGROUND**

### **2.1 Institutional logics perspective**

Institutional logics perspective builds on the neo-institutional theory and provides a meta-theoretical framework for analysing the interrelationships of institutions, individuals and organisations in social systems (Greenwood et al., 2010; Thornton et al., 2012). Institutional logic is defined as socially constructed, historical patterns of material practices, assumptions,

values, beliefs and rules by which individuals produce and reproduce their material subsistence, organise time and space and provide meaning to their social reality (Friedland and Alford, 1991; Thornton and Ocasio, 1999). Society is viewed as an interinstitutional system, suggesting that the institutional environment consists of multiple institutional logics interacting with one another (Thornton et al., 2012).

Societal-level institutional logics refer to higher level of logics with distinct types of relationships and exchanges between societal actors (Friedland and Alford, 1991; Greenwood et al., 2014). For example, economic models of capitalism and communism could be seen as distinct societal-level ideal types of logics for organising economic activities. These ideal types of societal-level logics manifest differently within different nations and various organisational fields, leading to differences in organisational arrangements, authority systems, structures and decision-making (cf. Greenwood et al., 2014). Since an organisational field refers to a community of actors held together by shared values and beliefs, a field can be defined by describing the institutional logics guiding its actors' behaviour (Reay and Hinings, 2009; Scott, 2001). These field-level institutional logics influence different strategic decisions of organisations, such as size, geographical scope, range of products and services as well as governance approach (Greenwood et al., 2014). Industry is a relevant boundary for identifying and examining institutional logics because industry producers develop common identities and valuation orders that structure the practices and decision-making of players in a particular product market (Thornton and Ocasio, 1999).

The institutional logics perspective has increasingly been used in organisational literature but less in IB studies (Newenham-Kahindi and Stevens, 2018; Saka-Helmhout et al., 2016). The few IB studies that apply the institutional logics perspective focused on organisational responses specific for MNEs when facing institutional complexity (Newenham-Kahindi and

Stevens, 2018; Regnér and Edman, 2014) and not on the role of MNEs in institutional logics changes at field level, which is the focus of the present study.

## **2.2 MNEs and institutional change at field level**

Numerous studies focus on institutional change in organisational (e.g. Harmon et al., 2015; Kostova and Roth, 2002), political (e.g. Chaisty and Whitefield, 2017) and economic (e.g. van den Bergh and Stagl, 2003) sciences. While previous IB studies acknowledge the interconnectedness of MNEs and institutional environments, they mainly focus on the MNEs' responses to multiple institutional contexts, applying various approaches—from institutional complexity (e.g. Marana and Kostova, 2016; Pajunen, 2008) to institutional distance (e.g. Li et al., 2016; Karhunen et al., 2014) and institutional voids (e.g. Doh et al., 2017; Puffer et al., 2010). Although the literature on the co-evolution of MNEs and institutional environments (e.g. Cantwell et al., 2010; García-Cabrera and Durán-Herrera, 2016) contributes to knowledge about this relationship, prior IB literature concentrated more often on the influence of institutional environments on MNEs than on the MNEs' influence on institutional change (Cabrera and Durán-Herrera, 2016; Regnér and Edman, 2014). Even when the MNEs' agency role in host country institutions was studied, the institutions were often operationalised at a country (not field) level (e.g. Kwok and Tadesse, 2006; cf. Regnér and Edman, 2014).

However, macro-level analysis is seldom sufficient for studying change because change mechanisms are considered to work through micro-pathways. In other words, causal social processes work through the ideas and behaviours of individuals so that change at the macro level can only be explained by changes at the micro level (e.g. Hedström and Swedberg, 1998; Jepperson and Meyer, 2011). However, changes in ideas and behaviours of individuals seldom cumulate as changes in macro-level institutional logics but are transferred through different

intermediate levels, such as organisations and fields (cf. Hedström and Swedberg, 1998; Jepperson and Meyer, 2011; Thornton et al., 2012).

An MNE entering a local product market can transfer the institutional advantages it developed at headquarters, such as strategic knowledge or business models, to its local subsidiary. If these MNE internal institutions are diffused among other actors in the organisational field, the MNE's entry may influence the field-level institutional change process (García-Cabrera and Durán-Herrera, 2016). Local firms may, for instance, imitate the actions of the foreign entrant and the resulting changes in the activities and behaviours of local firms can lead to further changes in the focal and related industries. Thus, field-level change results from multiple changes in practices and ways of organising, stemming from within the field.

Change in institutional logics at field level can also result from changes in higher-level societal institutional logics or logics changes within related industries (external logics), as those changes bring new demands and opportunities to the focal field actors (Thornton et al., 2012). An example of a change in societal-level logic is the transformation from socialist logics to market logics that occurred in many Eastern European countries and in Russia during the 1990s. This change at a higher level of institutional logics affected various fields at different rates. Here, the entry of Western type retail chains (change in external logics)—together with a change in the competitive environment as foreign goods entered the consumer markets—created pressure to also change the manufacturing of many consumer goods.

While all institutional change is considered to be transformational in the majority of institutional approaches—meaning that prevailing institutions are replaced by new ones (Micelotta et al., 2017; Thornton et al., 2012)—the institutional logics perspective has a more inclusive approach: institutional change can proceed from micro levels (e.g. interpersonal) to macro levels (e.g. societal). It can take place in relatively brief and concentrated periods or be gradually measured in decades or centuries. It can proceed incrementally, being hardly visible

to participants, or abruptly, as dramatic episodes radically changing former logics (Dacin et al., 2002). Previous literature identified two distinct types of institutional logics change: transformational and developmental. *Transformational* change refers to replacing one logic with another, combining dimensions of different logics or separating them from common origin. Thus, the change is significant and modifies the shared understanding of what is accepted and valued in the field. *Developmental* change is narrower in scope and stretches rather than modifies institutionalised understandings by incorporating external dimensions, endogenously reinforcing logics, shifting from one field to another or decreasing the logics scope (Micelotta et al., 2017; Thornton et al., 2012).

These changes can unfold at different paces. A *revolutionary* change takes place relatively quickly—e.g. due to external macro-level dynamics that interrupt the maintenance of prevailing institutional logics. Here, change is driven by external shock and/or purposeful actions of change agents. An *evolutionary* change is slower and triggered by relatively slow societal changes, purposeful introduction of modest innovations by change agents and/or cumulated practice changes at field level (Micelotta et al., 2017). Based on scope and pace, institutional logics change can follow four different pathways: institutional displacement, institutional accommodation, institutional alignment and institutional accretion (Micelotta et al., 2017), as illustrated in Figure 1.



		SCOPE OF CHANGE	
		Developmental	Transformational
PACE OF CHANGE	Revolutionary	Institutional Accommodation	Institutional Displacement
	Evolutionary	Institutional Alignment	Institutional Accretion

Figure 1: Four pathways of institutional change (adapted from Micelotta et al., 2017).

*Institutional displacement* is revolutionary in its pace and transformational in its scope. It is the most traditional way of viewing institutional change. *Institutional accommodation* refers to change that is also revolutionary in pace but whose scope is developmental. Here, revolutionary change is slowed down for various reasons, such as negative feedback loops or settlements that occurs when the change trickles down. *Institutional alignment* is evolutionary in pace and developmental in scope. This pathway builds on more incremental changes in practices, embedding changes into existing institutions so that change is slow and more modest. *Institutional accretion* is also evolutionary in pace but transformational in scope. Here, the spread of changes in organisation-level practices, structures and positions is accelerated—e.g. by positive feedback loops or escalation (Micelotta et al., 2017; Smets et al., 2012.). Thus, field-level change can also emerge through small change justifications and become embedded without conflict or strong, purposeful and intended agentic behaviour of actors.

### **2.3 MNEs and the mechanisms of field-level institutional logics change**

The few studies on MNEs and institutional change heavily focus on antecedents and outcomes of institutional change and not on the change process. Hence, knowledge on the sequences and mechanisms through which MNEs may induce field-level institutional change is lacking (García-Cabrera and Durán-Herrera, 2016). In institutional logics literature, field-level change mechanisms are defined as mechanisms that cause a change in organisational structures, practices and positions to radiate beyond an organisation, affecting change at the field level of institutional logics (Greenwood et al., 2011; Smets et al., 2012). An organisation's attributes (position within a field, structure, ownership, governance and identity) provide constraints and opportunities for generating change in institutional logics (Greenwood et al., 2011; Thornton et al., 2012).

Regnér and Edman (2014) identify three MNE-specific attributes that differentiate them from local companies and make them more likely to challenge local norms and behaviours: '(1) the MNE's boundary-spanning position as a multinational (multinationality); (2) the MNE subunit's weakly embedded foreignness position in the host country (foreignness); and (3) the MNE's exposure to ambiguity in the host country institutional environment (institutional ambiguity)' (Regnér and Edman, 2014, p. 295). These MNE-specific enablers give MNEs institutional advantages in shaping host country institutions.

In their study on mechanisms by which change emerges from the individuals' daily practices to reach the organisational level, Smets et al. (2012) also identify a mechanism, *unobtrusive embedding*, that shifts the change to field-level institutional logics. This mechanism refers to how the diffusion and cognitive legitimation of a new practice become institutionalised at a field level through the interactions of professionals engaging in work practices, workforce movement, management consultancies, media, etc. This sort of embedding happens in a relatively unobtrusive way, lacking visibility among non-practitioners (Smets et al., 2012).

Although this mechanism is possible in field-level institutional change resulting from an MNE entry (cf. Spencer, 2008), the latter is likely to cause field-level change also in a more visible and intruding manner, while bringing in another set of taken-for-granted practices, beliefs and values. Hence, the empirical study also aims to identify other mechanism types transmitting MNE-induced change from organisational- to field-level institutional logics.

### **3 METHODOLOGY**

#### **3.1 Case study strategy**

According to Meyer (2004), studies taking an individual company as a starting point enhance understanding of the interaction between MNEs and local environments. To gain new insight into the influences that an MNE's entry have on the field-level institutional logics of a host country, this paper uses empirical evidence from a case study. The case study strategy makes it possible to capture the causality between reasons and empirical outcomes (Yin, 2003) and allows for contextualised explanations (Welch et al., 2011). Therefore, this study addressed the—quite recently—expressed needs for more contextualisation in IB research (Delios, 2016; Poulis et al., 2013; Welch et al., 2011).

Following the contextual explanation strategy, this study seeks to explain an empirical phenomenon by identifying the causal mechanisms and contextual conditions under which they work. The intention is not to generalise the findings to any population or a universal law-like theory but to understand the causal mechanisms in their context (Welch et al., 2011). A single-case study design was chosen over a multiple one to strengthen the contextual insight (Dubois and Gadde, 2002; Piekkari et al., 2009). However, as suggested by Siggelkow (2007), this study employs the case as an additional—but not the sole—justification of theoretical arguments.

The case is that of a Finnish MNE—operating in the food industry (referred to as 'Alpha')—and its entry into the Russian bakery industry—through a cross-border acquisition

of a local industrial bakery (referred to as 'Beta') in St. Petersburg, Russia, in 1997—and the successive changes in the institutional logics of the local bakery sector. The case company, Alpha, is the only significant foreign actor and one of the largest companies in its field, making it possible to analyse the effects of that particular entry on the development of the institutional logics of the local bakery sector.

Due to the geographically vast territory, the country's cultural diversity and multi-layer federative administrative structure, the institutional context for a foreign entry varies substantially within Russia (Karhunen et al., 2014). Additionally, the bakery market in Russia has remained local, without truly significant actors at the national level (Degbey and Pelto, 2013; Ylä-Kojola, 2006). Consequently, the Russian bakery industry is characterised by persistent heterogeneity and substantial differences in the nature and process of its industry evolution between regional markets (Smirnova et al., 2014). Hence, instead of studying the bakery sector of the entire country, the empirical focus is limited to the St. Petersburg region.

### **3.2 Data collection**

The case study was performed by collecting both primary and secondary data. Semi-structured interviews conducted in the 2005–2007 period were the primary data source. As reported earlier (e.g. Michailova, 2004), difficulties in gaining access to Russian companies and industry organisations were also experienced during this study. Consequently, the perspective of the foreign entrant is emphasised in the empirical data.

Nine interviews—eight personal and one via email—were conducted among top and middle management personnel: four in the foreign entrant company Alpha; one in its Russian subsidiary Beta; two in local supplier companies; and two in local customer companies. The duration of the interviews ranged from 45–120 minutes. They were recorded and transcribed shortly after their completion.

As the interviews partly dealt with past events, the retrospective interview data alteration was acknowledged (Simmons, 1985) and the findings' trustworthiness was enhanced through data triangulation (Yin, 2003). Interview data were complemented with secondary data (covering the 1997–2016 period), including reports and articles (62) publicly available in Finnish and Russian newspapers or professional magazines and company documents (45), such as internet sites, annual reports and internal company documents.

### **3.3 Data Analysis**

Aiming for contextual explanation, data analysis and theory building followed abductive reasoning, combining deduction and induction in theoretical thinking (e.g. Easton, 2010; Welch et al., 2011). While some extant theories were employed as bases for data analysis, many of its phases were inductive, allowing new insights to emerge from the data. The process was iterative by nature and new ideas that emerged from the data were constantly confronted with the literature (Gioia et al., 2013).

The interview data were first analysed using the NVivo software to identify various institutional logics changes. In this phase, the coding scheme was data driven and changes were classified into four groups—organisation and personnel; marketing and sales; distribution; sourcing and supplies. A more deductive phase followed, where the identified changes were coded into organisational and field levels—according to their scope and pace—following a pattern-matching logic (Yin, 2003).

Next, the analysis identified the mechanisms that transfer changes between the two institutional logics levels. Here, the analysis was guided by Gioia et al.'s (2013) method: first-order coding categories were formed inductively from the data, followed by the formation of second-order theoretical theme levels and, then, of aggregate dimensions. Using this data structure, a theoretical framework on changes in field-level institutional logics catalysed by an

MNE's entry in a transition economy's context was created (see Figure 2). To demonstrate the link between data and their interpretations, the paper provides both 'power quotes' in the body of the text and additional 'proof quotes' (see Pratt, 2009) in Table 1 while presenting the data analysis results.

## **4 EMPIRICAL CASE STUDY**

### **4.1 Context**

This section presents a general overview of the Russian and, more specifically, St. Petersburg's bakery sector before and after Alpha's market entry. The bakery sector refers not only to the manufacturers of bakery products but to the entire value chain, including suppliers, manufacturers, distributors, retailers and customers. In this respect, the term sector differs from 'industry', which is confined to direct and indirect competitors centred on a common product (Eriksson et al., 1996).

During the Soviet era, bread production in major cities was concentrated to a limited number of large bakeries only serving their regional markets (Smirnova et al., 2014). Bakeries specialised in producing certain product types according to the State's Gosplan (Taylor, 1994; Ylä-Kojola, 2006). Consumers did not know who produced the bread they purchased, as it was neither packaged nor labelled (Kaartemo and Peltó, 2017; Smirnova et al., 2014). It was bought mostly from traditional bread stores or Soviet-style general grocery stores (Louhivuori, 2006).

The privatisation of Russian bakeries took place between 1992–1993 through the so-called voucher privatisation. Majority ownership was soon acquired by companies' management as people sold their vouchers. However, a turbulent economic situation, unstable institutional environment, lack of market economy knowledge and scarce financial resources hindered the bakery market development. At the end of the 1990s, most bakeries had very outdated machinery and 90 percent of bread was sold unpacked. Companies relied on passive

sales, waiting for retailers to place their orders, and bread was neither marketed nor branded (Smirnova et al., 2014). Bakery product distribution was also undeveloped. In St. Petersburg, the products of all bakeries were delivered to retail stores by a monopolistic transport service provider using an unhygienic and inefficient system that operated with wooden crates and required a considerable amount of manual labour (Kaartemo and Pelto, 2017).

Two decades later, the sector looks quite different. In addition to large bread factories, the industry also comprises of small- and medium-sized businesses, although the large industrial bakeries' share has grown due to market consolidation (Degbey and Pelto, 2013; Ylä-Kojola, 2006). The variety of bakery products on the market has increased tremendously. Even though traditional bread types dominate the Russian market, the trend has shifted towards pre-packaged products and Western-style bakery goods (Partos, 2008). Bread distribution is, for the most part, carried out using modern, automated systems with hygienic plastic crates (Kaartemo and Pelto, 2017). These developments were promoted by the appearance and expansion of both domestic and international modern retail chains (Lorentz et al., 2006).

However, in Russia, the regional markets differ from one another substantially, suggesting that market transformation, although influenced by similar state-level policies, depends heavily on market actors and their firm-level strategies (Peng, 2003; Smirnova et al. 2014). Consequently, the bakery industries in the two largest cities, Moscow and St. Petersburg, for example, differ in regards to market concentration, competition type, producer innovativeness, industry co-operation and the manufacturers' bargaining power towards suppliers and retailers (Smirnova et al., 2014). The next section presents the findings of the case study, suggesting that the foreign entrant, Alpha, played a central role in changing the institutional logics of the St. Petersburg bakery sector.

## 4.2 Case study findings

Since its entry into St. Petersburg through a friendly acquisition of a local industrial bakery Beta, Alpha implemented a number of changes to the acquired organisation, some of which eventually caused changes in the institutional logics of the St. Petersburg bakery sector—e.g. how companies behave, how bread is produced, sold and distributed. These changes can be divided into the categories of structure, practices and position, and they are discussed in the following subsections, respectively.

### 4.2.1 Structure

Soon after the acquisition, Alpha began restructuring Beta's organisation according to the Western style. This meant renewing the financial administration system and production management. A product development department, as well as new sales and marketing organisations, were created:

*We renovated the organisation. If you now look at the organisation, it has a very Western structure. (Director, International Projects, Alpha Bakeries)*

New personnel were hired and training was offered to Beta's staff. These changes were implemented gradually but, in a relatively short period of time, they completely altered the organisational structure of Beta.

Restructuring was also occurring in other local bakeries, as they tried to adapt to the economic transition in the country. However, the revolutionary change, from planned to market economy at the societal level, was slowed down at the field level due to a lack of knowledge about how market institutions work and a lack of financial resources needed for restructuring. In this situation, the foreign entrant-trained staff were seen as sources of much needed skills and domestic organisations were actively recruiting them.



*They have usually imitated us, these local firms...Even as organisations. They have bought our people. (Director, International Projects, Alpha Bakeries)*

Hence, Alpha's entry and presence contributed to the St. Petersburg bakery sector restructuring through management mobility and competitive pressure.

The increased competition caused by Alpha's entry contributed to the St. Petersburg bakery market consolidation. Alpha invested heavily, for example, in production technology. Facing increasing competition, only those local companies able to invest could succeed and many small and financially weak bakeries were forced to either merge with other companies or close their operations altogether.

*There's obviously restructuring going on. Today, there are a few larger bakeries and others are either joining those camps or then they just won't make it in this competition. So it's consolidating without a doubt... This [foreign entry] clearly accelerated it, caused it to happen 3-5 years earlier. (Senior Vice President, Alpha)*

While in 1997 the St. Petersburg bakery market comprised of 16 larger bakeries and a few 100 small ones, today, only three largest bakeries hold up to 70 percent of the regional market. Consequently, the bakery industry in St. Petersburg is considerably more concentrated than in Moscow (Smirnova et al., 2014).

Alpha's entry also contributed to this concentration directly. At the time of its entry, Beta's market share was 15 percent but, as Alpha started to develop the company, its market share increased. Alpha soon acquired two more bakeries in St. Petersburg, which were then organised under Beta. These acquisitions, together with successful product launches and better services offered to customers, made the company a market leader in St. Petersburg with approximately a 35 percent share of the local market today.

#### 4.2.2 *Practices*

Alpha first contributed to the institutional logics change at an organisational level in Beta and, consequently, at a field level in the St. Petersburg bakery sector by introducing a number of new practices. First, by investing in new production equipment, the company increased the production quality and hygiene.

*Good new equipment has brought good uniform quality... With us, a sort of quality concept was introduced to the bread business. When you buy bread from us, you know for sure it's always tasty and good quality. And this is naturally extremely important for big customers, the chains.*  
(Business Controller, Alpha Bakeries)

With new product lines, it became possible to widen the product range significantly. Some new products were introduced to Russia from Finland but product development and innovations in Beta itself also resulted in new product launches.

Improving quality in Beta required developing the quality of its local suppliers because, due to high tariffs and unreliable customs, importing materials to Russia was never a lucrative option. Hence, Beta set strict quality requirements for its local suppliers, trained them and advised them on suitable production technology providers:

*In the beginning, it was very hard to find good suppliers in Russia. We trained our suppliers and asked them for the quality we wanted. We developed suppliers for ourselves... We can advise companies with whom to cooperate to solve problems. We try to find companies in our network to help them. Through us, they can connect with Finnish companies with good technological levels.* (General Director, Beta)

Through such supplier development, Alpha's entry catalysed change in the overall product quality in the St. Petersburg bakery sector. Other mechanisms working towards a larger product range and a higher product quality in the St. Petersburg market were simply the result of Beta activity imitation by the local firms, competitive pressure that the local firms experienced, social interaction of Beta managers and local firms—e.g. at trade fairs—as well as management

mobility and network transitivity, bringing knowledge to local companies. Network transitivity ‘refers to a mechanism by which a focal actor gains competencies and resources from one network tie that improves the value the actor derives from exchange with an independent third relation’ (Uzzi and Gillespie, 2002). In this case, local companies gained knowledge about new product types from their machinery suppliers, who also supplied Beta, using that knowledge to improve their product portfolio and, consequently, their attractiveness to retailers.

In addition to the new production-related practices, Alpha brought in many marketing-related practices new to Russia. With the help of the knowledge transfer from Alpha, Beta was the first company to introduce packaged, sliced and branded bread onto the St. Petersburg market. Beta also moved from passive sales to active marketing and sales and, with the Key Account Management (KAM) knowledge transferred from Alpha in Finland, Beta started to treat the newly emerging retail chains as their number one customer category. In addition, Alpha completely renewed bread distribution for Beta.

*When we entered St. Petersburg, there was, and still is, this sort of joint delivery company of various bakeries...Also, we used it in the beginning but then we figured out that it's completely impossible, as their delivery reliability was quite poor. We decided to create our own distribution system and it has, naturally, been one of the key factors why we have succeeded so well in St. Petersburg. (Business Controller, Alpha Bakeries)*

Thus, instead of relying on the monopolistic bread delivery company, which handled the bread deliveries of all St. Petersburg bakeries at the time using an old-fashioned, inefficient and unhygienic system, Alpha took distribution into their own hands. They developed a new type of washable plastic bread crate with a crate provider, acquired an automated logistics system for handling the crate movements and obtained their own transportation fleet. These new practices completely transformed the logics of selling and distributing bread at Beta in a short period of time and served as an overwhelming competitive advantage for the company.

Soon, the largest local competitors started to follow Beta's example and the practices initially new to the market gradually transformed the logics of selling and distributing bread in the St. Petersburg market. Fast-growing retail chains had an active role in making this logistics system a local standard, even in spreading it to other Russian regions, as they began to require it from their other suppliers.

*A [domestic retailer] expanded to Talyatsi near Samara and opened a retail chain there. A local bread producer from there came to St. Petersburg to learn how bread is sold here in these crates as [the retail chain] required the same system as we have in St. Petersburg. So the system is now spreading everywhere in Russia. (General Director, Beta)*

This sort of development was not anticipated by Alpha—if it had, it would have protected the crate model it developed together with a crate provider and earned some royalties for it.

#### 4.2.3 *Position*

With the help of Alpha's investments and knowledge transfer, Beta acquired the market leader position due to which its operations are carefully followed by competitors. Beta sees itself as an industry developer and this role is also recognised by the retail chains. As competitors have imitated Beta's market practices, the entire bakery field in St. Petersburg has developed into a leading bakery industry in Russia with respect to product range, innovations and quality.

*St. Petersburg bread is the best in the country. Not only the actual quality but the new technology, slicing, colourful packaging. However, this is reflected in prices, bread here is 40–50 percent more expensive than elsewhere in Russia, including Moscow. This is connected to the fact that, at the time, [Alpha] acquired [Beta]... (Director, Fresh Food, Russian Retail Chain)*

Innovative new products and high product quality reflects in product prices—bread in St. Petersburg is more expensive than in other Russian regions, including Moscow. While the

competition in St. Petersburg is based on product innovations, the bakery companies in Moscow focus on standardised products and low prices (Smirnova et al., 2014).

Lower bread prices in Moscow also point to retailers having a stronger bargaining power (Smirnova et al., 2014). In St. Petersburg, a local industrial organisation in which Beta has been actively involved, has had a strong role in advocating the industry's interests against the increasing power of retail chains. Industrial cooperation through the local baker's union has helped market players increase their bargaining power towards retail chains, even though the chains are also very strong in St. Petersburg.

## **5 TOWARDS A FRAMEWORK OF MNE CATALYSED FIELD-LEVEL INSTITUTIONAL LOGICS CHANGE**

The findings of this empirical study are summarised, together with representative case data quotations, in Table 1. It includes classifications of changes and mechanisms for transmitting organisational-level institutional logics changes to the field level in the St. Petersburg bakery sector.

To sum up, an MNE's entry into the St. Petersburg bakery sector seems to have influenced the institutional logics of this local industry—e.g. regarding the bread type consumed, its sale and distribution and the structure, competition and co-operation of companies in the field. Alpha's entry contributed to field-level institutional logics changes by replacing the old logics of *standardised products* with the new logics of *innovative products*; the old logics of *bulk bread* with the new logics of *branded bread*; the old logics of *passive sales* with the new logics of *active sales*; the old logics of *Soviet-type organisational structure* with the new logics of *Western-type of organisational structure*, etc.

Table 1: Case Study Findings

Organization level change	Representative quotes from case data	Type of change at organizational level	Mechanism transmitting change to field level	Field level change	Representative quotes from case data	Type of change at field level
<b>Structure</b>						
Restructuring of the organization	“We totally changed the sales department, searched for new staff for there, director and other personnel and wanted to learn from Alpha how to sell. We started to restructure also the production facilities... (General Director, Beta)	Institutional displacement (Transf. & Revol.)	Management migration	From Soviet to Western-type organizations	“And so it is that when you’ve trained the staff, they leave... Thus the traffic has been quite heavy.” (Senior Vice President, Alpha Group)	Institutional accretion (Transf. & Evol.)
M&A of additional local bakeries	“We have three production facilities in St. Petersburg, and they’re all under Beta now. We bought [two additional bakeries] in early 2000s. So this way two more bakeries have joined our camp.” (Business Controller, Alpha Bakeries)	Institutional displacement (Transf. & Revol.)	Competitive pressure	Towards more consolidated market	“An example of failing due to competition is the united production of several small bakeries who terminated the union and most of them closed down. Another example is the [name removed] factory that initially produced good quality products but had bad marketing and sales departments, and failed in competition. They offered us the controlling stock and became our subsidiary.” (General Director, Beta)	Institutional accretion (Transf. & Evol.)
<b>Practices</b>						
New product types & production technology & quality improvements	<p>“We have developed many new products there and transferred some products quite directly from Finland... When we came, Beta had less than 30 product types. Today the portfolio is 320. ..(Director, International Projects, Alpha)</p> <p>“We introduced cooling, packaging, and then the beginning of the process, everything, especially the flour and raw material dosage systems, we have renewed. Big investments, absolutely, because proper quality requires that...” (Director, International Projects, Alpha)</p> <p>“We try to engage our suppliers in our production plans, so mainly we set the goals and requirements and how to meet them, it is their own task. We can advise with whom to cooperate in order to solve problems.” (General Director, Beta)</p> <p>“We brought the idea to St. Petersburg that it is indeed possible to start packaging bread and adding some value</p>	Institutional accretion (Transf. & Evol.)	<p>Imitation</p> <p>Network transitivity</p> <p>Social interaction</p> <p>Management mobility</p> <p>Supplier development</p> <p>Competitive pressure</p>	<p>From standardized products to product innovations; towards wide product range &amp; high product quality</p>	<p>“When competitors saw our success [with portion bread transferred from Finland] they started to make the same.” (General Director, Beta)</p> <p>“Equipment suppliers... might not dare to sell our recipe directly, but they can sell or give advice in connection to their supply concerning a basic recipe to start with.” (Director, International Projects, Alpha)</p> <p>“To a large extent, it has happened that you go to visit, meet each other at trade fairs in Europe and watch what equipment each one is buying and so on.” (Senior Vice President, Alpha)</p> <p>“Our chief technologist moved to [a local competitor] where he got a much higher position”. (General Director, Beta)</p> <p>“Most bakeries are not as keen on quality as Beta... However, we shifted to higher quality... We supply only high quality, one standard.” (General Director, Local Supplier Company)</p> <p>“ [Alpha] actively invested money, made technical restructuring, developed production and new sorts of products. Competitors were forced to follow.” (Director, Fresh Food, Russian Retail Chain)</p>	Institutional Alignment (Develop. & Evol.)

Packaging & branding	to it, and to put a brand on top of the package and create market share. That it is not just some bread but it is bread with a specific brand.” (Business Controller, Alpha) “The biggest problem was that we did not know how to sell at the time... We wanted to learn from Alpha how to sell.” (General Director, Beta)	Institutional displacement (Transf. & Revol.)	Imitation & competitive pressure	From bulk to packaged & branded bread	“But now all bread is packaged. Before all bread was bulk.”(Product Manager, Foreign Retail Chain) “100% of the goods are packaged, and of that 80% of bread and French bread are sliced.” (Director, Fresh Food, Russian Retail Chain)	Institutional accretion (Transf. & Evol.)
Sales, marketing & KAM	“We have transferred knowledge on retail chains and KAM to Beta.” (Senior Vice President, Alpha) “And when we started to look at the situation and improve our activities we noticed that distribution didn’t work at all as it should... We figured that we needed to develop our own crate there... And we decided to invest to our own transportation fleet, which was a significant move back then in -98.” (Director, International Projects, Alpha)	Institutional displacement (Transf. & Revol.)	Imitation & competitive pressure	From passive to active sales	“Bread was never marketed in Russia until Alpha went in there. They invest in advertising; they supply stores with their own sales furniture and so on.” (Product Manager, Foreign Retail Chain)	Institutional accretion (Transf. & Evol.)
Distribution system	to our own transportation fleet, which was a significant move back then in -98.” (Director, International Projects, Alpha)	Institutional displacement (Transf. & Revol.)	Imitation & network transitivity	New standard for bread distribution	“Now it has turned out that our box has become the Russian standard. It is in use in probably all bakeries in St. Petersburg and also in quite a few bakeries in Moscow.” (Director, International Projects, Alpha) ”Little by little, stores started to require it [Beta’s style of distribution] (Senior Vice President, Alpha)	Institutional accretion (Transf. & Evol.)
<b>Position</b>						
Market leader / developer position	“Now we are a forerunner in that [technical development].” (Vice President, Sourcing, Alpha) “We are the biggest, we are the fashion makers in the industry; thus others follow.” (General Director, Beta) ”When we came there, we sort of changed the market, we created something there that didn’t exist before.... Now competitors have started to follow us.” (Business Controller, Alpha) “Now we have also some cooperation with our competitors in relations to retail network. Retail networks push for lower prices so we have to act jointly or the retail networks will dictate the prices... it’s a sort of response of the whole industry towards the retail networks.” (General Director, Beta)	Institutional accretion (Transf. & Evol.)	Social interaction & imitation & competitive pressure	Leading bakery sector within Russia  Industry co-operation	“Moscow bread market is not nearly as developed as in St. Petersburg... There’s a few years gap. In Moscow, the quality is on average much weaker.” (Director, International Projects, Alpha) “Alone, the fact that our purchasing managers in Russia adopt these words and discourses and speak on a higher technical level, they talk about e-programs. So awareness spreads out and suddenly it becomes a normal practice” (Vice President, Sourcing, Alpha) “The role of Alpha’s investment in St. Petersburg area has been quite significant, especially taking into account that [Beta’s general director] was, for a long time, the chairman of the local bakers’ union, and it’s clear that it has had an influence.” (Senior Vice President, Alpha)	Institutional Alignment (Develop. & Evol.)

The changes triggered or catalysed by this MNE at the organisational level were often transformational and even revolutionary, displacing the existing logics in a fairly short time. These organisational-level changes affected the field-level institutional logics through various intentional and unintentional mechanisms (see Table 1). However, at a field level, the institutional logics changes have often followed more evolutionary, institutional accretion or institutional alignment paths. In addition, the field-level institutional logics changes in the bakery sector were strongly influenced by the institutional logics changes in the retail sector. An example of organisational-level change that followed the institutional displacement path (see Micelotta et al., 2017) was Beta's organisational structure renewal. The change was relatively rapid at the organisational level but, at the field level, it followed an evolutionary institutional accretion path (cf. Micelotta et al. 2017), although the adoption of a Western-type organisational structure was sped up by Alpha's entry and presence through management mobility and competitive pressure. The changes in Beta's production and quality were transformational at the organisational level but the change processes were evolutionary, since Beta's quality improvement required its suppliers' quality development. At the field level, the quality improvements in the St. Petersburg bakery sector happened through an institutional alignment path, suggesting that change was developmental and evolutionary by nature. Thus, the scope and pace of institutional logics change can differ, depending on level of observation.

The case study findings are employed together with the theoretical insights from prior research to build a theoretical framework on MNE catalysed change in field-level institutional logics. The framework is presented in Figure 2.



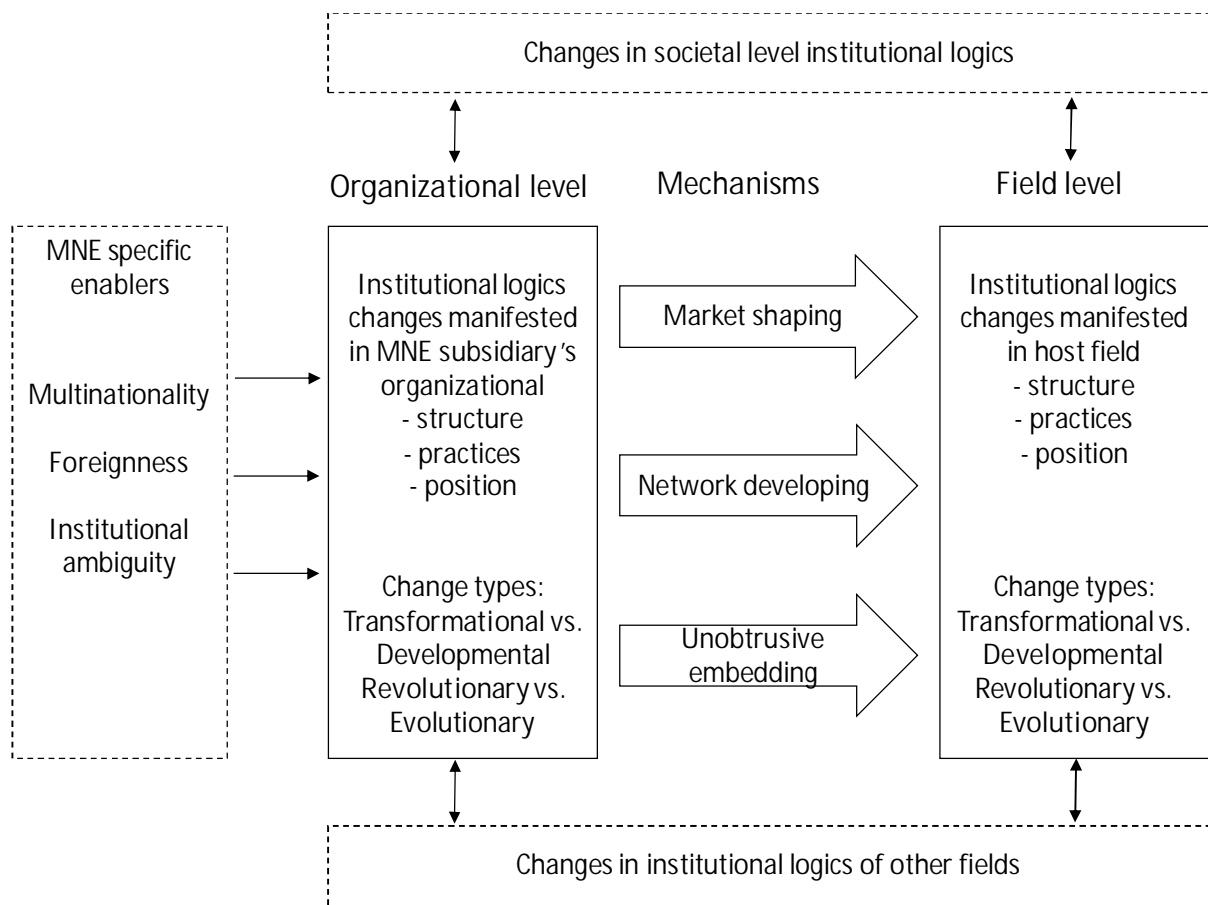


Figure 2: MNE catalysed field-level institutional logics changes.

As illustrated in Figure 2, MNEs have unique characteristics, suggesting extraordinary agency in relation to institutions (Kostova et al., 2008). *Multinationality* refers to an MNE's boundary-spanning position by which it is exposed to alternative practices, norms and behaviours (Regnér and Edman, 2014). In the empirical case, Alpha had knowledge and experience about how organisations were structured in developed Western economies and how bread is manufactured, marketed and sold in Scandinavian countries. It used this experience to develop its Beta company, although practices were also adapted to suit the local environment.

The second MNE-specific enabler, *foreignness*, refers to the MNEs' subunits often being weakly embedded in host country institutions and networks, which may mitigate expectations of isomorphism and allow MNEs to challenge local norms and behaviours (Regnér and Edman,

2014; Kostova et al., 2008). In the empirical case, Alpha's subsidiary, Beta, was strongly embedded in local institutions and networks but, through its foreign parent Alpha, it also became embedded in international institutions and networks that it could utilise to develop practices and even its local business network.

The third enabler of MNEs' agency is *institutional ambiguity*, which can offer MNEs greater room to engender change (Regnér and Edman, 2014). In the empirical case, the institutional environment in Russia was transitional and characterised by uncertainty. During the economic transition, the field-level institutional environment was operating with multiple and often conflicting institutional logics. For example, most bread was still produced based on the old Soviet Gosplan standards, while new types of products started to appear on the market, and bread was sold in both Soviet-type small bread stores and modern retail chains (cf. Lorentz et al., 2006). This ambiguity in field-level institutional logics offered Alpha greater possibility to influence what should become the dominant logic. For instance, it started to produce packaged bread and treated the newly appeared modern retail chains as a primary customer category ahead of its competitors.

These MNE-specific enablers provide foreign firms with greater opportunities than domestic ones for altering the existing institutional logics. Especially when operating in a host country with a very different institutional environment from that of the MNE's home country, the MNE subsidiaries are likely to differ from domestic firms in structure, practices and positions.

Organisational-level institutional logics changes caused by an MNE's entry can spread to influence field-level institutional logics through multiple mechanisms. The first group of mechanisms derived from the empirical case study is *market shaping*. The term is borrowed from the markets-as-practice approach, suggesting that markets are created and shaped by the activities and interactions of various market actors (Kjellberg and Helgesson, 2007). For

example, making packaged bread available for purchase requires a number of market actors, such as bakeries, suppliers and retailers, to enact market practices (Kaartemo and Pelto, 2017). In the empirical case, new market practices, such as packaging and modern distribution system introduced by Beta to the St. Petersburg market, were first welcomed by retailers and later *imitated* by local competitors, partly due to the *competitive pressure* they felt (e.g. Blomström et al., 2000) but also due to *network transitivity* (Uzzi and Gillespie, 2002), as retailers started requiring similar practices from other bakeries. Eventually, the bread-selling logic was shaped according to Alpha's ideas. However, it should be noted that market shaping mechanism do not necessarily account to intentional institutional change. For example, the new distribution system created by Alpha was meant to enhance Beta's competitiveness, although it became a regional standard for bread deliveries over time. The creation of this new standard resulted from an intentional MNE-triggered organisational-level change becoming an unintentional field-level change.

The second group of mechanisms emerging from the case data is labelled *network developing* in Figure 2. It refers to the intentional activities of an MNE towards other companies in its business network. As companies are interlinked in a business network (e.g. Håkansson and Snehota, 1989), these changes can spread to other companies not directly linked to the MNE (e.g. Degbey and Pelto, 2013; Halinen et al., 1999) and change institutional logics at the field level. For example, Beta developed its suppliers by setting strict *quality requirements* and by *advising* them in solving technical problems (e.g. Blomström et al., 2000). Alpha's international business network was a valuable resource for finding suitable production equipment for Beta's local suppliers and the company took an active role in developing its supply industries in St. Petersburg. Quality improvements in the supply industries affected the entire St. Petersburg bakery industry.

The third group of mechanisms transmitting change from an organisational to a field level is called *unobtrusive embedding* (cf. Smets et al., 2012), which occurs through *social interactions* of professionals in association communities or *management migration* (Smets et al., 2012; cf. Spencer, 2008). These mechanisms were also visible in the empirical case: trained Beta staff were recruited by local competitors, providing a source of unintentional knowledge spillover to local firms (e.g. Cantwell et al., 2010). In addition, local companies learned the new practices introduced by Alpha through social interaction—e.g. in trade fairs and at the local Baker's Union, where Beta's General Director acted as a chairman for several years. Thus, unobtrusive embedding can transmit both intentional and unintentional changes from an organisational to a field level.

These three mechanism types (market shaping, network developing, unobtrusive embedding) can radiate organisational-level changes caused by the entry of an MNE to field level. Change at both organisational and field levels can follow different paths: it can be transformational or developmental in scope and revolutionary or evolutionary in pace (see Micelotta et al., 2017). Based on the case study findings, change at the organisational level seems to follow an institutional displacement path more often (being transformational and revolutionary), while field-level institutional logics change seems to take evolutionary paths of institutional accretion or alignment. This slower pace is natural because field-level change requires more actors to act on it to become visible.

Field-level institutional logics changes are also affected by large societal-level changes and changes in other fields. For instance, the economic transition process from socialism to market economy created new types of institutional frames in which other companies also in bakery sector operated. The regulative changes gave companies new possibilities when price regulations on bread, for instance, were abandoned. However, without foreign entry into the sector, field-level changes would have taken longer to appear because local companies were

lacking both knowledge and resources to make the changes required for operating in a new competitive market system. Here, the MNE acted as a catalyst for institutional logics changes at the field level. Similarly, retail sector changes played a major role in catalysing the bakery sector changes: the appearance of modern supermarkets and retail chains sped up the packaging and branding of bread and contributed to making the distribution system created by Alpha a regional standard.

## **6 CONCLUSIONS**

### **6.1 Theoretical contribution**

IB research focus more often on institutional influence on MNEs' operations (e.g. Orr and Scott, 2008; Puffer et al., 2010) than on MNEs' influence on institutions. Furthermore, when MNEs' influence on a host country institutional environment is studied, the focus is often on formal institutions and intended effects (Cantwell et al., 2010) and at a national level (Regnér and Edman, 2014). This focal study remedies that by concentrating on the influence of MNE entry on institutional development of a host country at regional and field levels. It contributes to IB literature on institutions by considering both intended and unintended influence an MNE may have on host field institutional logics and identifying mechanisms through which changes are diffused from an organisational to a field level.

Building on the institutional logics perspective (e.g. Thornton et al., 2012), the study developed a theoretical framework on MNE-catalysed field-level institutional logics changes. As institutional logics studies seldom focused on cross-border issues, the focal study contributes to this stream of literature by considering the MNE-specific enablers for acting as an institutional change agent (Regnér and Edman, 2014) in framework building. The framework was built abductively (e.g. Welch et al., 2011), based on insights stemming from both an empirical single-case study on a Finnish industrial bakery company's entry into the St.

Petersburg market in Russia and from prior theoretical literature. The case study showed that, in a transition economy context, even a single foreign entry can have a significant influence by catalysing change in institutional logics of the host field.

The most significant contribution of the developed framework lies in identifying various mechanisms that shift the MNE-induced institutional logics changes from an organisational to a field level. As many of these mechanisms (e.g. imitation, management mobility, quality requirements) were previously recognised as possible productivity and knowledge spillover sources from MNEs to indigenous firms (e.g. Meyer, 2004; Spencer, 2008), the present study extends the foreign direct investment (FDI) spillover literature insights to the MNE-induced institutional logics changes context, which are omitted by IB literature to a large extent (e.g. García-Cabrera and Durán-Herrera, 2016).

The framework created here groups the mechanisms that shift MNE-induced institutional logics changes from an organisational to a field level into three categories: 1) *market shaping* mechanisms (imitation, competitive pressure and network transitivity); 2) *network developing* mechanisms (training, quality requirements and technical advising of suppliers); and 3) *unobtrusive embedding* mechanisms (management migration and social interaction). The framework acknowledges that change can take different pathways: a transformative and revolutionary institutional-level change can shift to a field level using a more evolutionary pace, as it is gradually acted upon by other actors in the field.

An important notion is that a field-level institutional logics change resulting from an MNE's entry can often be unintentional. Even an intentional organisational-level change triggered by an MNE may become an unintentional change in field-level institutional logics. An example in the empirical case was the unplanned creation of a new distribution standard for St. Petersburg and other Russian regional markets. The developed framework also emphasises

the role of higher societal institutional logics and the logics of other fields in field-level institutional logics change.

## **6.2 Practical implications**

The study brings some practical implications forward for both policy-makers and MNE managers. First, the study shows that, in the emerging economy context, even a single MNE entry may induce significant change in the host field institutional environment. Some changes can be considered positive, e.g. increase of innovativeness, quality and product range on the market. Policy-makers in emerging markets should consider the benefits of attracting MNEs to speed up regional development in various fields. However, due to MNEs often superior knowledge and financial resources in comparison to local firms in emerging markets, MNEs might develop overtly strong positions in the local market with which they may influence institutional development for their own benefit. For example, increased competitive pressure can cause weaker domestic companies to be crowded out. Hence, policy-makers should develop conditions related to financing and education that help provide local companies with the abilities to compete with (and even benefit from) MNEs.

From a managerial point of view, MNEs may benefit from recognising how they can intentionally influence the host field's institutional logics. On the other hand, by also acknowledging the unintentional change mechanisms and evolutionary change paths that transmit changes from their subsidiaries to the field level, managers could to plan or better prepare themselves for broader institutional logics changes that their activities might cause. Furthermore, demonstrating possible positive effects that an MNE may have on the development of a host industry could help MNE managers build legitimacy for their activities in the eyes of local stakeholders.

### **6.3 Limitations and suggestions for future research**

This focal study has certain limitations that give ground for future research on the influence of MNEs on host field institutional change. First, the empirical study focused on MNE-induced changes and their mechanisms in field-level institutional logics of the St. Petersburg bakery sector. Due to the economic transition in Russia at the time of the MNE entry, the development of the sector was rather unique. The relatively significant changes in field-level institutional logics following a single foreign entry were probably due to the institutional voids that existed in the local market. Consequently, the findings of the case study should not be directly generalised to other country or industry settings. Instead, the developed framework could be used to study institutional changes induced by MNEs in other industrial and geographical contexts.

Second, the focal study employed a single-case strategy together with literature to develop its theoretical framework. Larger empirical data and multiple-case study strategy could have brought additional field-level change mechanisms to light. Hence, there is a need for further studies on change mechanisms generated by MNEs in the institutional logics of host countries and industries.

Third, this study adopted the institutional logics perspective seldom employed in IB research. The focal study analysed institutional changes only at organisational and field levels. In future, the institutional logics perspective could be employed to study the MNEs' influence on host countries' institutional change at individual and/or societal levels.



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