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Countermeasures to Institutional Duality: Cases of Bilateral Development  
Cooperation Agency's Overseas Offices

Perceived Home and Host Country Institutional  
Environment Pressures by Bilateral Development  
Cooperation Agency's Constituents

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# Perceived Home and Host Country Institutional Environment Pressures by Bilateral Development Cooperation Agency's Constituents

Katsutoshi Fushimi\*

## Abstract

Neo-institutional theorists assert that institutional environments control organisational behaviour. They have extensively researched private multinational corporations (MNCs) but have scarcely touched public sector organisations. Prior studies have also tended to overlook the heterogeneity of constituents. The current study examines how four distinct groups of bilateral development cooperation agency (BDCA) staff (Headquarters [HQ] management, HQ non-management, overseas offices [OOs] management, and OOs non-management) perceive institutional environment pressures from home and host countries. For this, the author developed six hypotheses and then statistically tested them. Data were obtained through an online survey primarily using a five-point Likert scale (strongly disagree=1, disagree=2, neutral=3, agree=4, strongly agree=5). 131 valid responses were analysed by the Mann–Whitney U test. The results showed no statistically significant differences between the horizontally distant groups in perceived institutional environment pressures. Both the HQ and the OOs staff felt an identically powerful home country accountability pressure (Md=5 for both). Host country government and technical cooperation project counterpart expectation and demand pressures were modest for both the HQ (Md=3 and Md=3) and the OOs staff (Md=3.5 and Md=3). Meanwhile, significant differences were identified in perceived home country accountability pressure by the HQ management and the HQ non-management staff ( $p<.01$ ) and in perceived host country government expectation and demand pressures by the OOs management and the OOs non-management staff ( $p<.05$ ). The OOs staff, both management and non-management, perceived a dual institutional environment pressure or what Kostova and Roth (2002) call 'institutional duality' (Md=4). The perceived level of institutional duality marginally differed between the OOs management and the OOs non-management staff ( $p=.11$ ). These findings, seen through the lens of a neo-institutionalist perspective, suggest that OOs prioritise legitimacy to the home country's accountability pressures over host countries' requirements and demand pressures. Powerful institutional environment pressures perceived by management staff may even strengthen the OOs' legitimacy-driven behaviour towards their home country.

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**Keywords**

Institutional duality, perceived institutional environment pressures, accountability, neo-institutionalism, international development, global projects, development agencies, management and non-management, public sector organisations

## 1. Introduction

Neo-institutionalism, or sociological institutionalism (Schmidt 2014), asserts that the ‘institutional environment’ controls organisational behaviour (Meyer & Rowan 1977; Zucker 1987). The institutional environment is ‘the elaboration of rules and requirements to which individual organisations must conform if they are to receive support and legitimacy’ (Scott 1987, p. 498). It encompasses regulatory, cognitive, and normative requirements (Scott 1995). ‘Cultural rules’ are also included in this environment (Meyer *et al.* 1987, cited in Alvesson & Spicer 2019). According to neo-institutional theory, an organisation tries to show its legitimacy to the surrounding institutional environment to survive, even if these legitimate actions could damage the functional efficiency of its performance (DiMaggio & Powell 1983; Meyer & Rowan 1977; Zucker 1987). Meyer and Rowan (1977, p. 347) call this organisation behaviour ‘rational institutional myths’.

The notion of ‘rational institutional myths’ may explain bilateral development cooperation agencies’ (BDCAs) behaviour, like their heavy reliance on a *logframe* (Fushimi 2018). A logframe, the abbreviation of ‘logical framework’, is a matrix that summarises key elements of a technical cooperation project (TCP) such as the project purpose, outcomes, activities, and inputs. It is puzzling that a logframe, which is not suitable for managing complexity (Andrews *et al.* 2017; Yamaswari *et al.* 2016) has been universally utilised by BDCAs that implement TCPs, which have been characterised as an ‘extreme case of socio-political complexity’ (Ika & Hodgson 2014, p. 1186). A possible reason is its merit in what Ika (2012, p. 33) calls ‘accountability for result’. A logically described scenario justifies financial inputs in a project by linking the inputs to actions and expected results (Jacobs *et al.* 2010). Based on the notion of ‘rational institutional myths’, it can be assumed that BDCAs prioritise legitimacy to domestic stakeholders over the demerits resulting from using logframe in effective TCP management (Fushimi 2018). Nevertheless, this assumption is only conceptual and lacks an empirical base.

Neo-institutionalists have extensively researched private multinational corporations (MNCs) but scarcely discussed public sector organisations (Brignall & Modell 2000; Frumkin & Galaskiewicz 2004) with a few exceptions (e.g. Alsharari 2017; Thoenig 2011). Although there are a few neo-institutional studies in international development settings (e.g. Andrews *et al.* 2017; Knox & Janenova 2019; Krause 2013; Mdee & Harrison 2019; Pritchett *et al.* 2013; Sakib 2019), they focus on public sector organisations in aid-recipient countries. Curiously, development agencies including BDCAs have rarely been the subject of neo-institutional research. Furthermore, the intra-organisational behaviour of public sector organisations, including BDCAs, has been under researched. As a BDCA comprises the headquarters (HQ) and overseas offices (OOs), and the HQ and the OOs further comprise management and non-management staff, different groups of BDCA constituents may perceive institutional environment pressures differently. Again, we do not know the reality.

The current study empirically examines the reality of institutional environment pressures that different groups of BDCA constituents face and interprets the reality from a neo-institutional perspective referring to prior studies on MNCs. The next section reviews the literature of neo-institutional research on MNCs, the private-public differences, and the characteristics of BDCAs. Then, it discusses gaps in knowledge. The third section presents six hypotheses drawn by neo-institutional theory and prior research. These hypotheses propose how varied BDCA constituents perceive home and host country institutional environment pressures. The fourth introduces research design and methodology, and the fifth summarises findings. The sixth provides conclusions and implications for BDCA practitioners. Finally, in the seventh, the theoretical contribution of the study, its limitations, and desired future research are discussed.

## 2. Literature review

### 2.1 Neo-institutional research on MNCs

MNCs have been popular subjects in neo-institutional research due in part to their complex institutional environments (Kostova *et al.* 2008). Unlike a domestic corporation, an MNC comprises a parent and foreign subsidiaries and is therefore placed in multiple institutional environments simultaneously (Kostova & Zaheer 1999). According to neo-institutional theory, the MNC parent is embedded in the institutional environment of the home country (regulations, social norms, cultural beliefs, and so on), and the parent needs to be legitimate in that environment. Meanwhile, each foreign subsidiary is placed in the institutional environment of a respective host country, and each seeks legitimacy in the environment. Importantly, the subsidiary is also embedded in the institutional environment of the parent (internal regulations, accounting and procurement rules, and corporate identity, and so on) because the subsidiary is a part of the MNC and must comply with its missions, policies, and regulations. Kostova and Roth (2002, p. 216) call this situation ‘institutional duality’.

Institutional duality is problematic for a subsidiary as it is obliged to show legitimacy to multiple institutional environments that are potentially incompatible due to institutional and cultural differences (Kostova & Zaheer 1999). For example, when an MNC parent demands a subsidiary adopt the performance-based salary, which is common in advanced economies, this practice may be culturally and institutionally unacceptable in the subsidiary’s host country. To manage the discrepancy, the subsidiary may *ceremonially* adopt the demanded practice to show legitimacy in both environments (Boxenbaum & Jonsson 2017). To *ceremonially* adopt means that the subsidiary takes on board organisational practices superficially, doing little to integrate them within the existing management systems of the organisation (Collings & Dick 2011). By adopting practices *ceremonially*, the subsidiary strategically manages conflicting requirements

caused by institutional duality and protects itself from being accused of failing to fulfil unrealistic demands (Kostova & Roth 2002).

The above arguments are based on the neo-institutionalist assertion that organisational behaviour is determined by surrounding institutional environments. However, recently, neo-institutional research has become to focus more on microfoundations. Understanding microfoundations is essential as 'institutions are sustained, altered and extinguished as they are enacted by collections of individuals in everyday situation' (Powell & Rerup 2017, p. 311). By researching microfoundations, researchers can comprehend 'how individual-level factors impact organizations, how the interaction of individuals leads to emergent, collective, and organization-level outcomes and performance, and how relations between macro variables are mediated by micro actions and interactions' (Felin *et al.* 2015, p. 576). Hence, the effort to reveal the microfoundations of institutional processes in neo-institutional research is strongly desired (Geppert & Dörrenbächer 2014; Powell & Colyvas 2008).

## **2.2 Private-public differences seen from a neo-institutional perspective**

It is reasonable to assert, at least theoretically, that public sector organisations encounter institutional duality the same as private sector organisations. This is because neo-institutional theory emerged to explain the ceremonial behaviour of organisations in 'non-market environments' (Palmer *et al.* 2008, p. 746). Besides, the core notion of neo-institutional theory is that external pressures control organisational behaviour, and it has not theorised that there are major differences between public and private sector organisations (Frumkin & Galaskiewicz 2004). In fact, earlier empirical studies (e.g. Frumkin & Galaskiewicz 2004; Palmer *et al.* 2008) found that private and public sector organisations displayed more similarities than large dissimilarities.

Nevertheless, dissimilarities between public and private sector organisations do exist. For instance, regarding institutional environments, political authority is a powerful environmental



force for the former, while market incentives are a determining environmental force for the latter (Perry & Rainey 1988). Another salient dissimilarity is the nature of organisational goals. While private sector organisations have explicit goals (sales, profits, and revenues), public sector organisations work toward ambiguous goals (Chun & Rainey 2005; Rainey & Bozeman 2000). This goal ambiguity increases uncertainty in public sector organisations and strengthens *mimetic* pressures on them (Boxenbaum & Jonsson 2017; Oliver 1991). Mimetic pressure is that when an organisation's goals are unclear, it encounters pressure to imitate the structure of other successful organisations to make it look like a successful organisation (DiMaggio & Powell 1983). As a result, public sector organisations become more vulnerable to institutional environment pressures than private sector organisations.

### **2.3 Characteristics of BDCAs**

Among public sector organisations, BDCAs seem to be one of the most vulnerable entities to institutional environment pressures, or at least *mimetic* pressures. A possible reason is the nature of BDCA-responsible TCPs. TCPs are primarily aimed at capacity development of public sector employees in developing countries through technical transfer by dispatching experts and organising trainings in home, host, or a third country. Areas of TCPs cover public administration, energy, private sector development, rural development, agriculture, disaster prevention, water resource management, environment protection, health, social welfare, education, information and communication technology (ICT), transportation, city planning, climate change, gender issues, peacebuilding, and poverty reduction.

TCPs are 'global projects', which Orr *et al.* (2011, p. 17) define as 'a temporary endeavour where multiple actors seek to optimise outcomes by combining resources from multiple sites, organisations, cultures, and geographies through a combination of contractual, hierarchical, and network-based modes of organisation'. Global projects are complex as project members frequently face challenges such as 'coordination costs', 'complexity and scale',

‘interdependence’, ‘uncertainty’, ‘time pressure’, ‘dispersion and distance’, and ‘institutional differences’ (Orr *et al.* 2011, pp. 29-38).

Among global projects, the complexity of TCPs is outstanding (Ika & Hodgson 2014). Ika (2012, p. 30) lists the characteristics of TCPs as follows:

*[H]igh complexity and subtleness, strong front-end activity, the relative intangibility of their ultimate objective of poverty reduction, a large array of heterogeneous stakeholders, divergent perspectives among these stakeholders, the need for compromise, project appeal in the eyes of politicians, the profound cultural and geographical gap between project designers and their beneficiaries, the asymmetrical distribution of power between the world’s richest countries, institutions and people and its poorest, and the prevalence of rather bureaucratic rules and procedures.*

Certainly, some characteristics can be found in non-TCPs (Ika 2012). However, typical TCPs contain most of these features. Because BDCAs manage highly complex TCPs, they are likely to face severe uncertainty. Hence, a vulnerability of BDCAs to institutional environment pressures is highly likely (see Boxenbaum & Jonsson 2017).

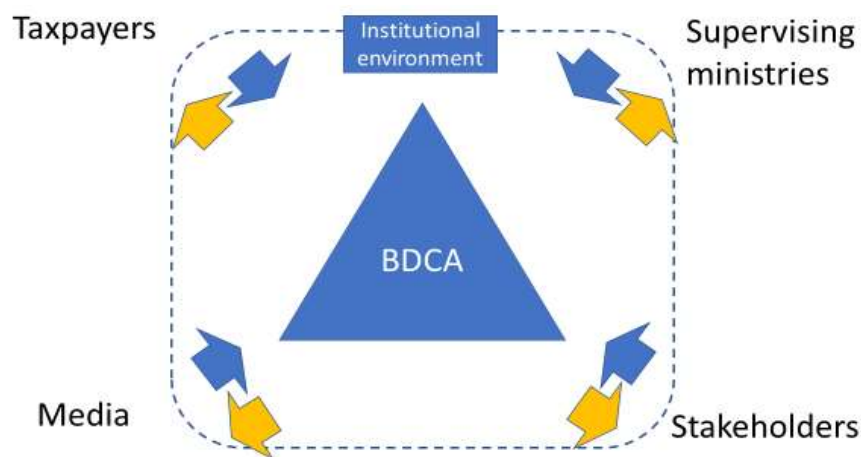
## **2.4 Gaps in knowledge**

As discussed, it is theoretically possible that public sector organisations experience home and host country institutional environment pressures and institutional duality the same as private MNCs. In fact, some studies (e.g. Cole & Ramirez 2013) assume public sector organisations encounter institutional duality. Nevertheless, few studies have empirically examined the reality. We do not know whether public sector organisations, including BDCAs, truly experience institutional duality. Besides, we do not know how different groups of constituents of a public organisation perceive institutional environment pressures either. Empirical studies are essential.

A BDCA is an excellent subject for these inquiries. It is a rare public sector organisation operating in the home country (i.e. BDCA HQ) and abroad (i.e. OOs). Like an MNC subsidiary, a BDCA OO is simultaneously embedded into two different institutional environments: (a) BDCA HQ in the home country and (b) a culturally and institutionally distant host country. Furthermore, the BDCA is a desired subject for comparing different groups of constituents as the BDCA HQ and OOs consist of distinctively categorised management and non-management staff.

### 3. Hypotheses

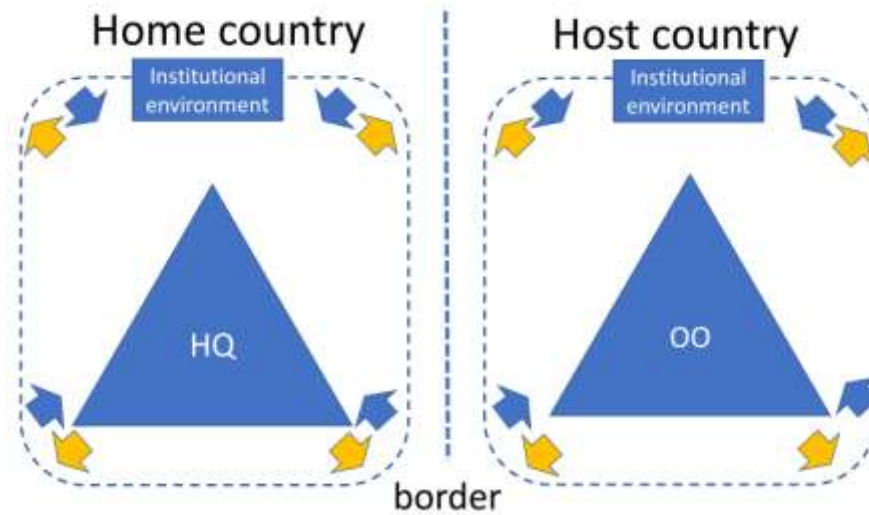
The neo-institutionalist perspective asserts that the institutional environment determines organisational behaviour (Meyer & Rowan 1977; Zucker 1987). Hence, knowing how a BDCA perceives institutional environment pressures will help to understand its behaviour. For a BDCA as a single entity, institutional environment pressures may include legitimacy, compliance, and normative pressures from taxpayers, supervising ministries, media, and other stakeholders (see Figure 1).



**Figure 1:** Institutional environment for a BDCA

*Source:* Author.

However, like an MNC, a BDCA comprises horizontally distant groups: (i) the HQ and (ii) OOs. Hence, we need to consider the institutional environment for the HQ and that for the OOs independently. The HQ is placed in the home country institutional environment, and it faces pressure to be legitimate in that environment. Meanwhile, each OO belongs to its host country institutional environment, and each faces pressure to be legitimate in the respective institutional environment. Here, institutional environments for the HQ and an OO exist in parallel (see Figure 2).



**Figure 2:** Parallel institutional environments

*Source:* Author.

Besides the institutional environment pressures from its host country, an OO faces the pressure from the home country as well as its HQ. Although previous institutional duality studies on an MNC subsidiary consider that the duality exists in the institutional environments of its host country and the *MNC HQ*, the current study regards that institutional duality for a BDCA OO includes the institutional environments of its host country and the *home country including the BDCA HQ*. This is because a BDCA is government-owned, and we should not ignore institutional environment pressures from the home country on OOs. This is a unique contribution of this study. Another unique attempt made in this study is its focus on particular features of the institutional

environment pressures from the home and host countries. These are: (i) the accountability pressures on the implementation of TCPs from the home country stakeholders and (ii) the expectation and demand pressures on assistance from the host country stakeholders. Specific types of pressures are examined because as a BDCA provides assistance to the host country on behalf of the home country government, the nature of institutional environment pressures from home and host country stakeholders may differ.

Since an OO is physically, geographically, culturally, and institutionally distant from its home country, the home country accountability pressure for OO staff is likely to be weaker than that for HQ staff (Ika *et al.* 2020; Orr & Scott 2008).

*Hypothesis 1: The HQ staff feel stronger accountability pressures from the home country (e.g. those from taxpayers, supervising ministries, audit, and media) than the OOs staff do.*

A difference in perceived home country pressures may be seen not only within horizontally distant groups but also vertically divided groups: (i) the management staff and (ii) the non-management staff. Considering the horizontal and vertical separations, this study classifies the staff members of BDCA into four groups: (a) HQ management, (b) HQ non-management, (c) OOs management, and (d) OOs non-management. Sub-unit framing helps to avoid data misinterpretation caused by a mixture of all responses. This breakdown is also consistent with the call of neo-institutionalists (e.g. Lawrence & Suddaby 2006) to grasp the complexity of intra-organisational behaviour, which is ‘shaped by individual interests and actor rationales’ (Dörrenbächer & Geppert 2009, p. 100).

Generally, it is believed that management and non-management staff have distinctive responsibilities and authorities (see Penn State Human Resources n.d.; Skakon *et al.* 2011). Owing to their greater responsibility and accountability, HQ management staff are expected to feel the home country institutional pressure greater than HQ non-management staff do (Bernin 2002).

*Hypothesis 2: The HQ management staff feel stronger accountability pressures from the home country than the HQ non-management staff do.*

Hypothesis 1 assumes that the closer BDCA staff are to the stakeholders in the home country, the greater they feel accountability pressures. Meanwhile, hypothesis 2 assumes that the higher the position, the stronger the HQ staff feel the pressures. The same logic can apply to the host country and OOs staff.

*Hypothesis 3: The OOs staff feel stronger expectation and demand pressures from the host country (e.g. those from recipient government and TCP counterparts) than the HQ staff do.*

*Hypothesis 4: The OOs management staff feel stronger expectation and demand pressures from the host country than the OOs non-management staff do.*

Both the HQ staff and the OOs staff may encounter a dual institutional environment pressure or what Kostova and Roth (2002, p. 216) call ‘institutional duality’. One pressure is from the home country and the other is from the host country. Previous MNC studies argue that foreign subsidiaries are more likely to face institutional duality stronger than their parents because the subsidiaries must apply home country’s standards in the culturally and institutionally different host country environments (Hillman & Wan 2005; Holm *et al.* 2017; Kostova and Roth 2002; Kostova and Zaheer 1999; Tempel *et al.* 2006). Hence, the current study hypothesises that OOs staff are likely to perceive stronger institutional duality than HQ staff. In this study, dual pressure comprises accountability pressures from the home country and expectation and demand pressures from the host country. Meanwhile, the HQ is likely to experience weak institutional duality because the host countries are physically distant ‘aid recipients’, and their pressures may be minor for the HQ.

*Hypothesis 5: The OOs staff feel greater dual pressure than the HQ staff do.*

Hypothesis 5 proposes that there is a difference between horizontally separated groups. There may also be a difference in perceived institutional duality between vertically separated groups (Bernin 2002).

*Hypothesis 6: The OOs management staff feel a dual pressure greater than the OOs non-management staff do.*

#### **4. Research design and methodology**

##### **4.1 Samples**

The sampled respondents are the staff of an OECD member country's BDCA. The subject BDCA provides technical and financial assistance to developing countries all over the world. Its HQ is in the home country's capital, and the OOs are in roughly 90 countries in Asia, Middle East, Europe, Africa, Latin America, and Oceania. The total number of full-time employees is approximately 2,000. This figure excludes those employed on a contract basis and those hired locally in developing countries. About half (approximately 1,000) work for the HQ, and a quarter (approximately 500) serve in the OOs as expatriates. The rest (approximately 500) work at domestic offices in regional cities across the home country. Since the study's primary research interests were in institutional environment pressures and institutional duality experienced by BDCA staff who implement complex TCPs, the current analysis excluded those in the domestic offices from the survey.

The HQ comprises approximately 30 departments, including administration related departments (human resource, finance, audit, evaluation, procurement, and so on) and assistance implementation departments (financial assistance, technical assistance, disaster relief, volunteer program, private-public partnership, and so on). TCPs are mainly implemented by five thematic departments. The staff of the five departments are selected as samples at the HQ. They implement

TCPs overseas and interact with host country governments and counterparts in the same way as OOs staff do. Meanwhile, at the OOs, all expatriates are expected to be involved in TCPs. Hence, the researcher invited all of them to participate in this survey.

The researcher sent a URL (web address) for the online survey to the individual e-mail addresses of 687 staff in February 2020. Among these, 253 staff worked for the five departments in the HQ, and 434 staff worked for the OOs. 159 staff responded. The valid responses were 151, giving a complete response rate of 22%.

The response rate is not high but is justifiable. Although higher response rates are welcome, it is hard to say what rate is necessary, as it depends on the type of survey and the nature of questions (Nulty 2008). The response rate of online surveys tends to be lower than paper-based surveys (Nulty 2008; Shih & Fan 2008), and it has been declining (Van Mol 2017). 'Today, even a response rate below 10% is not uncommon for web surveys' (Van Mol 2017, p. 318). Moreover, as this study employs a non-parametric statistical test, a small sample size does not affect the test results (see Section '4.3 Analysis').

The researcher excluded 20 respondents who said they had never experienced TCPs from further analysis because the target subjects are those who implement TCPs. Eventually, the number of samples for the statistical tests was 131. Tables 1 to 4 show the details of the respondents.



**Table 1: Distribution of Respondents**

	Population Distribution	Sample for Statistical Analysis	Rate
HQ	253	53	21%
OOs	434	78	18%
Total	687	131	19%

**Table 2: Frequency Table (Respondents)**

	Management	Non-Management	Total
HQ	26 (20%)	24 (18%)	50 (38%)
OOs	38 (29%)	40 (31%)	78 (60%)
Total	64 (49%)	64 (49%)	128 (98%)
Missing	-	-	3 (2%)

**Table 3: Sex (Respondents)**

	HQ Management	HQ Non-Management	OOs Management	OOs Non-Management	Total
Male	22 (17%)	14 (11%)	35 (27%)	24 (18%)	95 (73%)
Female	4 (3%)	10 (8%)	3 (2%)	16 (12%)	33 (25%)
Total	26 (20%)	24 (18%)	38 (29%)	40 (31%)	128 (98%)
Missing	-	-	-	-	3 (2%)

**Table 4: Age (Respondents)**

	HQ Management	HQ Non-Management	OOs Management	OOs Non-Management	Total
<29	0	10 (8%)	0	6 (5%)	16 (12%)
30-39	0	8 (6%)	1 (1%)	22 (17%)	31 (24%)
40-49	17 (13%)	5 (4%)	24 (18%)	10 (8%)	56 (43%)
>50	9 (7%)	1 (1%)	13 (10%)	2 (2%)	25 (19%)
Total	26 (20%)	24 (18%)	38 (30%)	40 (31%)	128 (98%)
Missing	-	-	-	-	3 (2%)

Source: Author.

## 4.2 Online survey

The current study used a German online survey tool, ‘SoSci Survey’<sup>1</sup>, for data collection. The researcher created a questionnaire in the native language of the BDCA’s home country (non-English). The BDCA staff were given a two-week period to answer it. All questions, including demographic inquiries, were multiple-choice, and most questions used a five-point Likert scale (strongly disagree=1, disagree=2, neutral=3, agree=4, strongly agree=5). The questions corresponding to the hypotheses are listed in Appendix 1.

## 4.3 Analysis

Collected data was analysed using the Mann–Whitney U test. The researcher chose this non-parametric test as the data obtained were categorical or ordinal. The Mann–Whitney U test is equivalent to an independent *t*-test, and it is appropriate to compare differences in median between two independent groups (Pallant 2016). The researcher used SPSS software version 25 (IBM SPSS<sup>2</sup>) for the statistical analysis. All tests conducted were two-sided to mitigate type-I error.

## 5. Findings

This section presents and discusses the results of the hypothesis testing. All results are available in Appendix 2.

### 5.1 Test results

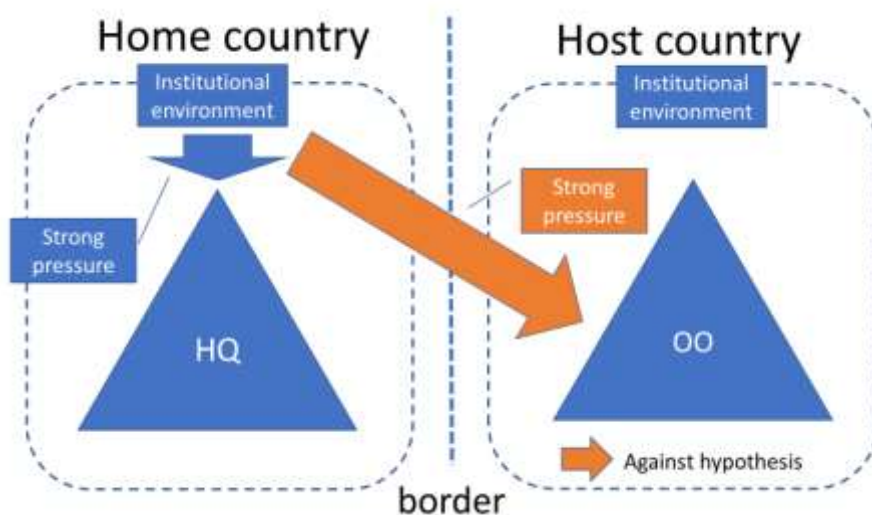
*Hypothesis 1: The HQ staff feel stronger accountability pressures from the home country (e.g. those from taxpayers, supervising ministries, audit, and media) than the OOs staff do.*

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<sup>1</sup> <https://www.soscisurvey.de/>

<sup>2</sup> <https://www.ibm.com/products/spss-statistics>

A Mann-Whitney U test revealed no significant difference in the home country accountability pressure levels of the HQ staff (Md=5, n=53) and the OOs staff (Md=5, n=78),  $U=2331$ ,  $z=1.47$ ,  $p=.14$ ,  $r=.13$ . The result does not support the hypothesis. It shows that both the HQ staff (Md=5) and the OOs staff (Md=5) face powerful home country accountability pressure. Although not statistically significant, the OOs staff seemed to face a slightly stronger pressure than the HQ staff ( $p=.14$ ). This contradictory result concerning the original proposition is intriguing. Although OOs staff are embedded in physically, geographically, culturally, and institutionally distant foreign countries, they yet feel a powerful home country accountability pressure the same as, or greater than, the HQ staff (see Figure 3).

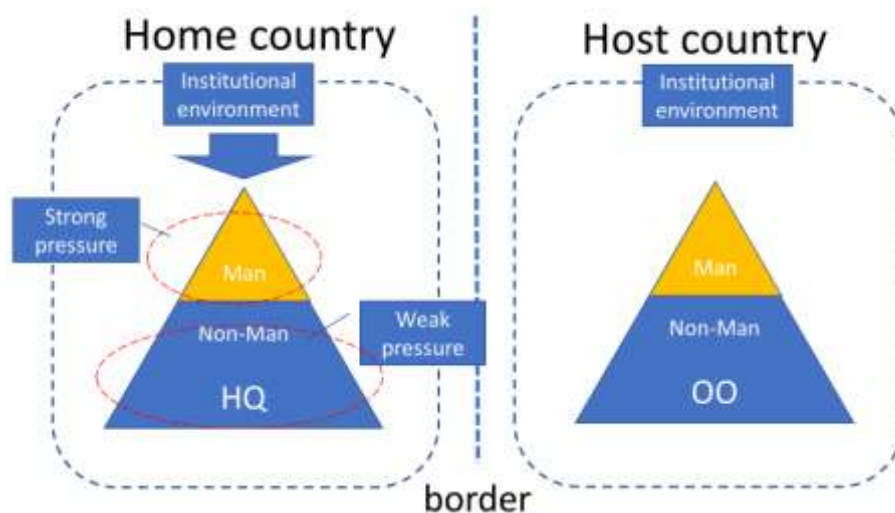


**Figure 3:** Home country accountability pressure for the HQ and an OO

Source: Author.

*Hypothesis 2: The HQ management staff feel stronger accountability pressures from the home country than the HQ non-management staff do.*

A Mann-Whitney U test revealed a significant difference in home country accountability pressure levels of the HQ management staff (Md=5, n=26) and the HQ non-management staff (Md=4, n=24),  $U=176$ ,  $z=-3.07$ ,  $p=.002$ ,  $r=.43$ . The result supports the hypothesis (see Figure 4).



**Figure 4:** Different degrees of perceived pressure for HQ management staff and HQ non-management staff

Source: Author.

*Hypothesis 3: The OOs staff feel stronger expectation and demand pressures from the host country (e.g. those from recipient government and TCP counterparts) than the HQ staff do.*

The questionnaire incorporated two questions to test this hypothesis. One was the pressure from host country governments (the political level), and the other was that from host country TCP counterparts (the field level).

*Hypothesis 3-1: Host country government pressure.*

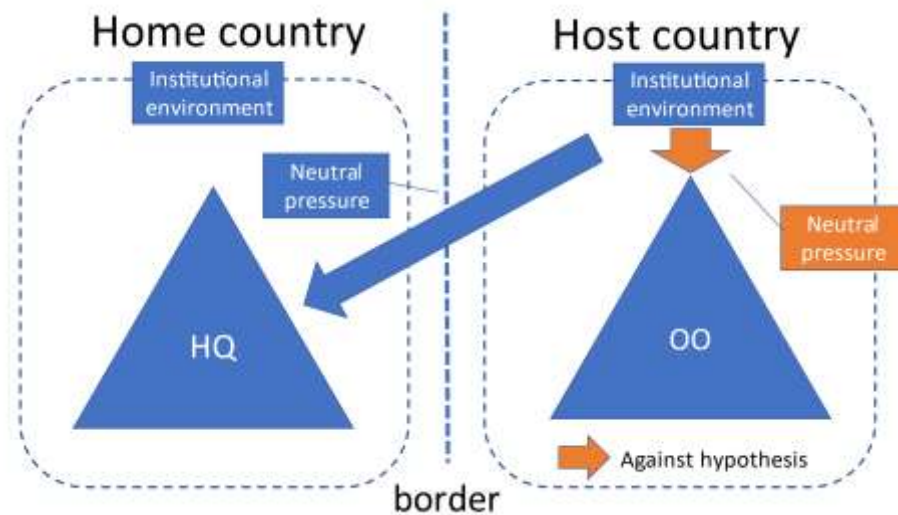
A Mann-Whitney U test revealed no significant difference in the host country government expectation and demand pressure levels on the HQ staff (Md=3, n=51) and the OOs staff (Md=3.5, n=78),  $U=2185$ ,  $z=0.98$ ,  $p=.33$ ,  $r=.09$ . The result does not support the hypothesis. The host country government pressures were neutral for both the HQ staff (Md=3) and the OOs staff (Md=3.5).

*Hypothesis 3-2: Host country TCP counterpart pressure*

A Mann-Whitney U test revealed no significant difference in the host country TCP

counterpart expectation and demand pressure levels of the HQ staff (Md=3, n=51) and the OOs staff (Md=3, n=78),  $U=2113$ ,  $z=0.63$ ,  $p=.53$ ,  $r=.06$ . The result does not support the hypothesis. Like the results for the host country government, the counterpart pressure was neutral for both the HQ staff (Md=3) and the OOs staff (Md=3).

The results of hypothesis tests 3-1 and 3-2 show no difference in the perceived host country expectation and demand pressures between the HQ and the OOs staff. The results are also intriguing because they suggest that the OO's physical proximity to the institutional environment of its host country may not matter (see Figure 5).



**Figure 5:** Host country expectation and demand pressures

Source: Author.

*Hypothesis 4: The OOs management staff feel stronger expectation and demand pressures from the host country than the OOs non-management staff do.*

The questionnaire asked two questions to test the hypothesis. One was the pressure from host country governments (political level). The other was the pressure from host country TCP counterparts (field level).

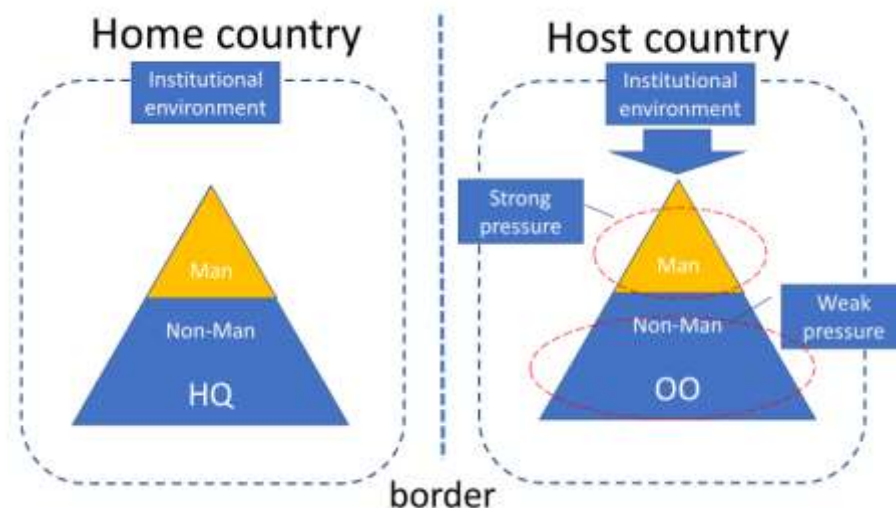
*Hypothesis 4-1: Host country government pressure*

A Mann-Whitney U test revealed a significant difference in the host country government expectation and demand pressure levels of the OOs management staff (Md=4, n=38) and the OOs non-management staff (Md=3, n=40),  $U=521$ ,  $z=-2.49$ ,  $p=.01$ ,  $r=.28$ . The result supports the hypothesis.

*Hypothesis 4-2: Host country TCP counterpart pressure*

A Mann-Whitney U test revealed no significant difference in the host country TCP counterpart expectation and demand pressure levels of the OOs management staff (Md=4, n=38) and the OOs non-management staff (Md=3, n=40),  $U=584$ ,  $z=-1.86$ ,  $p=.06$ ,  $r=.21$ . Although the result was not significant at the 5% level, there was a marginally significant difference in the hypothesised direction ( $p=.06$ ).

The results of hypothesis tests 4-1 and 4-2 thus generally support the view that OOs management staff feel a greater host country expectation and demand pressure than OOs non-management staff (see Figure 6).

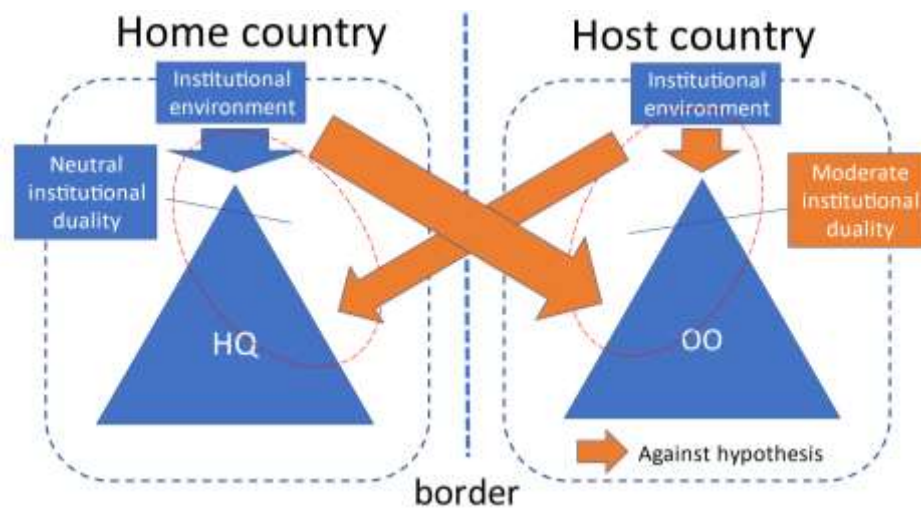


**Figure 6:** Different degrees of perceived pressure for OOs management staff and OOs non-management staff

Source: Author.

*Hypothesis 5: The OOs staff feel greater dual pressure than the HQ staff do.*

A Mann-Whitney U test revealed no significant difference in the dual pressure levels of the HQ staff (Md=3, n=50) and the OOs staff (Md=4, n=78),  $U=2264$ ,  $z=1.61$ ,  $p=.11$ ,  $r=.14$ . Although the result fails to support the hypothesis, it shows a marginally significant difference in the hypothesised direction. This implies that OOs staff might have perceived a dual pressure more strongly than HQ staff (see Figure 7).

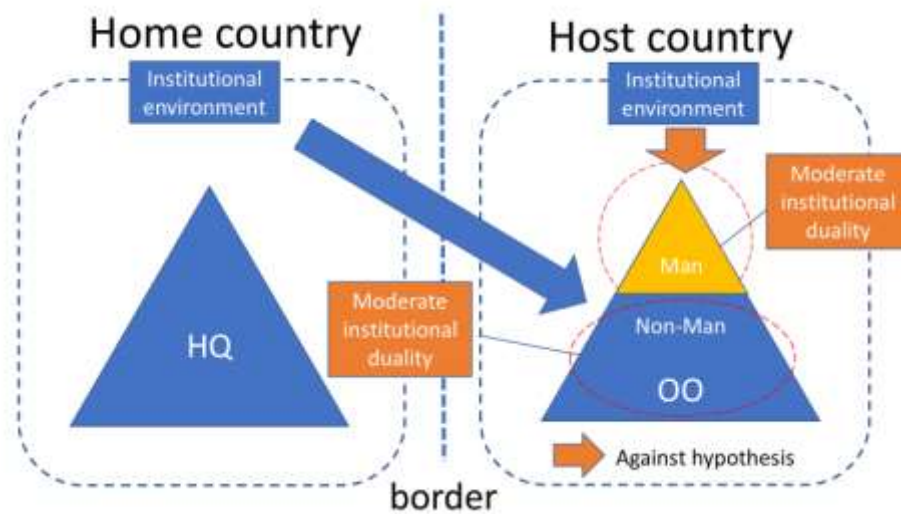


**Figure 7:** Nearly equal degree of institutional duality for OOs staff and HQ staff

Source: Author.

*Hypothesis 6: The OOs management staff feel a dual pressure greater than the OOs non-management staff do.*

A Mann-Whitney U test revealed no significant difference in the dual pressure levels of the OOs management staff (Md=4, n=38) and the OOs non-management staff (Md=4, n=40),  $U=607$ ,  $z=-1.60$ ,  $p=.11$ ,  $r=.18$ . The result does not support the hypothesis. However, again, it shows a marginally significant difference in the hypothesised direction, and the result implies that OOs management staff might perceive a dual pressure stronger than OOs non-management staff to some extent (see Figure 8).



**Figure 8:** Similar degrees of institutional duality for OOs management staff and OOs non-management staff

*Source:* Author.

## 5.2 Summary of test results and discussion

This sub-section summarises test results and discusses three key findings.

### 5.2.1 Minor differences between the HQ and the OOs staff

Test results showed no significant differences between horizontally distant groups in the perceived home country accountability pressure and in the host country expectation and demand pressures. Both the HQ staff and the OOs staff feel a powerful home country pressure (Md=5 for both) but a neutral host country government pressure (HQ: Md=3, OOs: Md=3.5) and a neutral TCP counterpart pressure (HQ: Md=3, OOs: Md=3). The difference in perceived dual pressure between the HQ and the OOs staff is marginal (HQ: Md=3, OOs: Md=4,  $p=.11$ ).

A possible reason for the minor HQ-OOs differences is the periodical personnel shuffle. In the subject BDCA, HQ staff are transferred to OOs, and OOs staff return to HQ roughly every three years. Those who were working in OOs at the time of the survey might have worked in HQ



until just before the survey, and vice versa. This regular shuffle might thus have diminished the differences in perceived institutional environment pressures between these groups.

Another possible reason is the alleviated geographical distance barriers thanks to advanced technologies. Travelling and communicating abroad has never been faster, cheaper, and easier than ever. Today, the HQ staff can communicate with the host country government officials and TCP counterparts through the Internet. Virtual face-to-face meetings via Skype, ZOOM, or TEAMS can be held anytime, anywhere. Documents can be sent electronically by e-mail or physically with FedEx or DHL to almost anywhere in the world within 24 hours. Thus, physical proximity to an institutional environment may not matter as it used to (Orr *et al.* 2011). Hence, HQ and OO staff might have perceived institutional environment pressures in the home and the host countries identically. Certainly, further research is necessary to examine these factors.

### **5.2.2 Differences between management and non-management staff**

Management staff experienced institutional environment pressures more strongly than non-management staff. Statistically significant differences were identified in perceived home country accountability pressure between the HQ management and the HQ non-management staff ( $p < .01$ ) and in perceived host country government expectation and demand pressures between the OOs management and the OOs non-management staff ( $p < .05$ ).

The differences between vertically divided groups (management and non-management) are striking, given that no major differences between horizontally distant groups (HQ and OOs) were observed. Also, interestingly, the results are inconsistent with those of other studies that show no difference between management and non-management staff in the perceived value of specific organisational practices. Examples are organisational learning at a Thai petrochemical company (Susilaworn & Muenjohn 2009) and workplace wellness programs at Canadian public and private organisations (Caperchione *et al.* 2016).

The identified differences between vertically divided groups may be attributed to the personnel system of the subject BDCA. At the BDCA, there are two types of management staff: (i) those who direct and manage departments and/or divisions, and (ii) those who exercise high-level expertise as experts. Only those staff who have passed the examination for managerial positions are promoted to these positions. Besides, in the BDCA, management and non-management staff have different mandates, responsibilities, authorities, performance-appraisal criteria, and salary systems. Management staff, regardless of the types, have heavier responsibilities, greater accountability, and stronger decision-making powers than non-management staff. Hence, management staff in both HQ and OOs might have experienced greater pressures than non-management staff. Again, this is an assumption. Exploratory and explanatory qualitative research on this matter is desired in the future.

### **5.2.3 A powerful home country pressure vs. a modest host country pressure**

Both the HQ and the OOs staff experienced a powerful home country accountability pressure<sup>3</sup> (Md=5 for both). Meanwhile, they faced modest host country government pressure and TCP counterpart expectation and demand pressures (Md=3 and Md=3 for the HQ staff; Md=3.5 and Md=3 for the OOs staff). The accountability pressure and the expectation and demand pressures are not directly comparable because they are different types of pressures. Nevertheless, considering different BDCA's statuses in the home country (an executing agency of bilateral assistance) and in the host countries (a donor organisation), focusing on particular features of institutional environment pressure is still helpful to grasp the degree of characteristic home and host country pressures.

Several factors might have caused a powerful home country accountability pressure not only to the HQ but also the OOs. First, the home country provides budget to the BDCA. Hence,

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<sup>3</sup> As explained in 'Appendix 1' and '7.2 Limitations and future research', the current study regarded 'the feeling of the necessity to be accountable' as a response to an external pressure, although it could also arise from the respondent's sense of obligation.

the BDCA (both the HQ and OOs) needs to be accountable to the home country stakeholders regarding the budget spent. Second, even though the OOs are in foreign countries, they must follow the home country's accounting and procurement rules and receive inspections by the home country's board of audit periodically. Third, due to the complex and uncertain nature of TCPs, the BDCA staff might have faced difficulty in explaining convincingly the positive results brought by the TCPs. Fourth, as discussed earlier, advanced ICT and transportation systems might have made the geographical distance of OOs staff from the home country insignificant.

Meanwhile, the modest expectation and demand pressures from the host countries can be attributed to their aid-recipient status. For example, BDCAs often impose conditionality (e.g. policy changes) on recipient governments in exchange for providing financial support. If the recipients disagree, the BDCAs will suspend the assistance. As BDCAs are in a better position than the recipients in the negotiations, the pressures from the host countries are likely to be limited.

Arguably though, the test results, as seen through the lens of a neo-institutional perspective, suggest that OOs staff prioritise answerability to home country stakeholders over that to host country stakeholders. Also, a perceived powerful home country accountability pressure may explain the 'accountability for result' culture (Ika 2012, p. 33) of development agencies (Clements 2020; Gil & Pinto 2018) and the agencies' heavy reliance on logframe, which is believed to be a useful accountability tool for them (Jacobs *et al.* 2010). Further research is still necessary to validate these propositions.

## **6. Conclusions and implications**

### **6.1 Conclusions**

The current study aimed to reveal the reality of institutional environment pressures and institutional duality that the constituents of an under-researched BDCA are experiencing. Broadly, the study examined: (1) whether the HQ and OOs staff feel home and host countries' institutional

environment pressures similarly or differently (a horizontal comparison); (2) whether the degree of the pressures experienced by the management and non-management staff in the HQ and OOs are similar or different (a vertical comparison); and (3) how OOs staff perceive institutional duality. Considering the distinctive statuses of a BDCA in the home country and the host countries, the study focused on specific features of institutional environment pressures: (i) the accountability pressures on the implementation of TCPs from the home country stakeholders, and (ii) the expectation and demand pressures on assistance from the host country stakeholders.

For (1) the perception of the home and host countries' institutional environment pressures, no significant differences were observed between the horizontally distant groups. Both the HQ and the OOs staff identically felt a powerful home country accountability pressure (Md=5 for both) (see hypothesis 1). The host country government and TCP counterpart expectation and demand pressures were modest for both the HQ (Md=3 and Md=3) and the OOs staff (Md=3.5 and Md=3) (see hypotheses 3-1 and 3-2).

Meanwhile, significant differences existed in (2) the degree of the perceived pressures between vertically divided groups. Statistically significant differences were identified in perceived home country accountability pressure between the HQ management staff and the HQ non-management staff ( $p < .01$ ) (see hypothesis 2) and in perceived host country government expectation and demand pressures between the OOs management staff and the OOs non-management staff ( $p < .05$ ) (see hypothesis 4-1). The perceived level of dual pressure only marginally differed between the OOs management staff and the OOs non-management staff ( $p = .11$ ) (see hypothesis 6).

Regarding (3) institutional duality, the OOs staff moderately perceived this (Md=4). Although there was no statistically significant difference in the perceived strength between the OOs staff (Md=4) and the HQ staff (Md=3), the results showed a marginally significant difference in the hypothesised direction ( $p = .11$ ) (see hypothesis 5). It implies that OOs staff might perceive institutional duality more strongly than HQ staff. Nonetheless, institutional duality for the OOs

staff was not strong as expected. This may be attributed to testing non-equivalent institutional environment pressures from the home country and the host countries.

Looking at the test results from a neo-institutionalist perspective, it can be assumed that the OOs prioritise legitimacy to the home country's institutional environment over the host countries' institutional environment, regardless of their physical proximity to the latter. As mentioned earlier, a powerful home country accountability pressure perceived by OOs staff may stem from the budget allocation authority of the HQ, the periodical scrutiny by the home country authorities, and the mitigated physical distance by the advanced technologies. Powerful pressures perceived by the OOs management staff may even strengthen the home country-oriented legitimacy-driven behaviour of the OOs.

## **6.2 Implications for BDCA practitioners**

The clients of BDCAs are the governments and people of developing countries. Some BDCAs (Japan International Cooperation Agency, n.d.) declare themselves 'field-oriented'. However, the perceived power of home country accountability pressure may hinder this attitude. If we interpret the test results through a neo-institutionalist perspective, we can say that because of heavy home country accountability pressures, BDCA practitioners may become too sensitive to the home country stakeholders and overlook the expectation and demand of the clients in aid-recipient countries. This may result in prioritising 'accountability for results' over 'managing for results' (Ika 2012, p. 33). To avoid this, the practitioners must maintain self-reflexivity (Popoveniuc 2014) and ask themselves who they work for, what their mission and required actions are, and how they can achieve them.

## **7. Theoretical contributions, limitations, and future research**

### **7.1 Theoretical contributions**

The findings contribute to neo-institutional research in two respects. First, they question the significance of physical proximity to the institutional environment today. Primary interest of MNC's HQ-subsidary research using neo-institutional theory has been in how MNCs coordinate and manage their 'geographically dispersed' entities (Kostova *et al.* 2016, p. 176). Geographical distances are expected to be associated with cultural and institutional differences. The greater the distance between the MNC's home country and an MNC subsidiary's host country, the greater the difficulty the subsidiary faces in obtaining and maintaining legitimacy in the host country (Kostova & Zaheer 1999). However, the current study revealed no significant differences between the HQ staff and the OOs staff in their perceived home country accountability pressure and in host country expectation and demand pressures. Both staff identically felt the powerful home country pressures while the host country pressures were at best modest.

Advanced ICT and high-speed travel abroad may have eroded the effects of geographical distance. Today, OOs staff communicate with government officials in the home country via e-mail and on-line video conferencing tools anytime, anywhere. Equally, HQ staff communicate with government officials and TCP counterparts in the host countries easily. The weak influence of physical proximity on a perceived pressure may be unique to BDCAs that provide assistance to aid recipient countries on behalf of their governments. Nonetheless, it is worth revisiting the significance of physical distance to perceived institutional environment pressure in today's globalised society.

The second contribution is the identification of ununified perceived institutional environment pressures among BDCA constituents. A 'now-classic' neo-institutionalist perspective asserts that organisation behaviour is stable and static (Morgan *et al.* 2014). Some recent neo-institutionalists have begun to question this assertion. They claim that intra-organisation

behaviour is complex and dynamic (Alvesson & Spicer 2019; Dörrenbächer & Geppert 2009; Fligstein 2001; Fligstein & McAdam 2012; Kostova *et al.* 2016, 2018; Lawrence & Suddaby 2006; Marano & Kostova 2016; Morgan *et al.* 2014; Tempel *et al.* 2006; Whittle *et al.* 2011). The current study found statistically significant differences in the perceived pressures between management staff and non-management staff. While this does not mean that management and non-management staff had opposite perceptions, the findings suggest that the degree of perceived institutional environment pressures may vary depending on constituents' responsibilities and authorities.

## **7.2 Limitations and future research**

The current study is an *initial* attempt to grasp the reality of the institutional environment pressures that the constituents of an under-researched BDCA experience, and it is not free from limitations. First, this quantitative inquiry does not explain: (i) why different groups of the BDCA constituents perceive institutional environment pressures identically or differently; (ii) why home country accountability pressures are perceived so strongly by BDCA staff; (iii) whether frequent workplace changes affect the perceived institutional environment pressures of the HQ and OOs staff; or (iv) whether the physical proximity to institutional environments really does not matter. Exploratory and explanatory in-depth qualitative case studies are desired to answer these questions (Stavrou *et al.* 2021).

The second limitation is the narrowly focused features of institutional environment pressures. The current study specifically examined: (1) an accountability pressure from the home country; and (2) expectation and demand pressures from host countries. Although the focus was aimed at reflecting the BDCA's distinctive status in the home and host countries, comparing different types of pressures alone may be insufficient. Future research needs to examine other features as well.

The third is the interpretation of 'the feeling of the necessity to be accountable' (see Appendix 1). Although this feeling could arise from the respondent's sense of obligation as well as from external pressures, the current study treats it as a consequence of external pressures.

The fourth is the sample. The sample size was not large, and the response rate was not high either. Since the study employed a non-parametric statistical test, a small sample size is still valid. Yet, a larger size is preferred as it increases statistical power (Mumby 2002). Also, the samples were limited to full-time employees. Those employed on a contract basis and hired locally in developing countries were excluded. Future research needs to include them to see the complete picture of a BDCA.

The fifth is the place of TCPs in the subject OOs' operation. Unlike five TCP implementation departments in the HQ, OOs staff handle all types of assistance. Besides TCPs, they need to manage grant aid, loans, disaster relief, volunteer programs, private-public partnerships, and others. It is difficult to calculate the amount of time and effort that OOs staff spend on TCPs because assistance portfolios vary by aid-recipient country.

The sixth is generalisation. The subject BDCA employed an ethnocentric management approach. The HQ has decision-making power over the OOs, and this approach might have placed a powerful home country pressure on OOs staff. Other BDCAs may take polycentric, geocentric<sup>4</sup>, or regiocentric approaches (Branine 2011; Kostova & Zaheer 1999). Besides, the proportions of HQ and OO staff, the mandates, and authorities of management and non-management staff, and the size and type of TCPs may differ between BDCAs. Hence, the findings of one study cannot be easily generalised to other BDCAs.

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<sup>4</sup> 'Geocentric organisations are those that depend on international teams of managers regardless of their country of origin or nationality. In this approach, the best managers are recruited from inside and outside the company' (Branine 2011, p. 44).



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## Appendices

### Appendix 1: Online survey questions

	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	I feel that it is necessary to be accountable* to domestic stakeholders (taxpayers, supervisory ministries, politicians, media, etc.) regarding the effectiveness and efficiency of our projects.	1	2	3	4	5
2	I feel the pressure from high-level governments of developing countries (ministers, etc.) on excessive expectations and demands for our projects.	1	2	3	4	5
3	I feel pressure from counterpart organisations and staff in developing countries, such as excessive expectations and demands for our projects.	1	2	3	4	5
4	I feel two different pressures: accountability to domestic stakeholders (taxpayers, supervisory ministries, politicians, media, etc.) and expectations of developing country stakeholders (developing country governments, counterpart organisations, staff, etc.).	1	2	3	4	5

Source: Author.

\* Question 1 asked about 'the feeling of the necessity to be accountable'. This feeling could arise from the respondent's sense of obligation as well as the external pressures. The current study treated the feeling as the response to an external pressure. This is because accountability is commonly regarded as an 'externally required means by which an organisation explains its behaviour to others (legal obligations, explicit reporting, disclosure requirement, and so on)' (Hotta 2012, p. 16).

**Appendix 2:** Summary of test results (median (mean))

		HQ	OOs	Man	Non-Man	HQ		OOs	
						Man	Non-Mam	Man	Non-Mam
1	Home country accountability pressure	<u>H:1</u> 5 (4.55)	5 (4.65)	5** (4.83)	4** (4.41)	<u>H:2</u> 5** (4.77)	4** (4.33)	5** (4.87)	5** (4.45)
2	Host country government request/demand pressure	<u>H:3-1</u> 3 (3.16)	3.5 (3.35)	4** (3.56)	3** (2.98)	4* (3.42)	3* (2.88)	<u>H:4-1</u> 4* (3.66)	3* (3.05)
3	Host country counterpart request/demand pressure	<u>H:3-2</u> 3 (3.20)	3 (3.31)	4* (3.45)	3* (3.08)	3.5 (3.35)	3 (3.04)	<u>H:4-2</u> 4 (3.53)	3 (3.10)
4	A dual pressure (institutional duality)	<u>H:5</u> 3 (3.36)	4 (3.60)	4 (3.61)	4 (3.41)	3 (3.31)	4 (3.42)	<u>H:6</u> 4 (3.82)	4 (3.40)

Source: Author.

Shaded areas indicate hypothesis tests.

\* Significant at the  $p < .05$  level; \*\* significant at the  $p < .01$  level by Mann-Whitney U test (two-sided).

## Abstract (in Japanese)

### 要約

新制度派組織論では「組織を取り巻く制度的環境が組織の行動を決定づける」ことを前提とする。同理論を用いる研究者は、多国籍企業の海外子会社が本社と受入国双方の制度的環境の影響を同時に受けるユニークな状況におかれていることから、これらを頻繁に研究対象としてきた。しかし、同様の状況にある公的組織の在外事務所を対象とすることは殆どなかった。また多国籍企業を対象とした研究でも、組織の構成員が制度的環境をどう感じているのかを扱うものは限定的であった。そこで本研究は、公的組織の一つである二国間開発協力機関を対象に、同機関に属する四つのグループ、すなわち、本部管理職、本部非管理職、在外事務所管理職、在外事務所非管理職が、本国と受入国からの制度的環境の圧力をどのように感じているかを調査した。

具体的には、六つの仮説を立て、オンライン調査を通じて入手したデータをマン・ホイットニーU検定を用いて分析した。結果は、本国及び受入国からの制度的環境圧力に関しては、本部と在外事務所の職員間では統計的に有意な差異は見られなかった。例えば、本部の職員も在外事務所の職員も、本国からの非常に強い説明責任の圧力を感じていたが、受入国政府や技術協力プロジェクトのカウンターパートからの支援に対する要望や期待に関する圧力はそれ程強くなかった。一方で、本国からの説明責任の圧力については、本部管理職と同非管理職間で有意な差が確認された。同様に、受入国政府からの要望や期待に関する圧力についても、在外事務所管理者と同非管理者の間で有意な差が見られた。また、在外事務所の管理職と非管理職はそれぞれ「重複する制度的環境」を感じていたが、両者間の差異はわずかであった。

調査結果を新制度派組織論の視点で解釈するならば、二国間開発協力機関の在外事務所は受入国からの要望や期待よりも、本国への説明責任に対する正当性をより重視するととらえることができる。在外事務所の管理職がより強く制度的環境圧力を感じていることが、在外事務所が本国の制度的環境への正当性をいっそう重視することに繋がっている可能性もある。

**キーワード:** 重複する制度的環境、制度的環境圧力、説明責任、新制度派組織論、国際開発、グローバル・プロジェクト、開発協力機関、管理職対非管理職、公的組織