

Institutions and International Strategy: Effects of Institutional Polycentricity on Firm Strategies and Outcomes

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Most prior research on institutions has focused on the effects of specific institutions (e.g., political risk, intellectual property protection). Yet, institutions (formal and informal) are often interdependent and executives must consider the integrated effects of institutions on the strategies they employ. Complex relationships exist between formal and informal institutions and among major formal institutions as well. In fact, work by Ostrom (2005, 2010 and Nobel Prize winner) suggests that institutions are polycentric with multiple centers of power. That is, they are multiplex (multiple institutions with integrated effects) and multilevel (e.g., national, state/provincial and municipal). I will discuss three studies that address these issues: (1) the interrelationship of informal and multiple formal institutions and their effects on FDI (50 country study); (2) the effects of multiplex national formal institutions on entrepreneurs' use of their social networks and the performance of their new ventures (634 entrepreneurs across four countries); (3) the multiplex and multilevel effects of institutions on firms' resource orchestration actions (synchronization of their resource management processes and strategies to leverage their capabilities) and firm performance (805 firms across 17 countries).