Thesis submitted in partial fulfillment of the requirements of the degree of D.Phil. in Management

ORGANIZING PROCESSES IN A SHADOW INSTITUTIONAL FIELD

LIN DONG

Imperial College Business School, Imperial College London

2018

ORGANIZING PROCESSES IN A SHADOW INSTITUTIONAL FIELD

Lin Dong, Imperial College Business School, Imperial College London

Submitted in partial fulfilment of the requirements for the degree of D.Phil. in Management

2018

ABSTRACT

In this inductive study, I shift the focus of exploring institutionalizing processes outside legal boundaries by examining the institutional maintenance of shadow institutional fields. To do so, I draw on a case of the counterfeit luxury industry. The analysis reveals the features of a shadow institutional field and how actors work to ensure the continuation and reproduction of institutions. Specifically, four sets of institutional work emerged from the data are building confidence, establishing a safe space, shielding the space and demarcating the boundaries. This research thus contributes to the understanding of how field types impact institutional maintenance, how actors maintain institutions without formal governance mechanisms and highlights the importance of exploring shadow institutional fields. In practice, rather than treating illegal activities as isolated actions, this research suggests that policymakers and other relevant stakeholders should pay attention to the internal mechanisms that sustain shadow institutional fields.

Keywords: Shadow institutional fields, institutional maintenance, institutional work, institutional theory, counterfeit luxury industry, qualitative case study

DECLARATION

'I declare that this thesis submitted for the degree of Doctor of Philosophy is my own work. Any ideas or quotations from the work of others are appropriately acknowledged.'

Lin Dong

COPYRIGHT DECLARATION

‘The copyright of this thesis rests with the author and is made available under a Creative Commons Attribution Non-Commercial No Derivatives licence. Researchers are free to copy, distribute it, that they do not use it for commercial purposes and that they do not alter, transform or build upon it. For any reuse or redistribution, researchers must make clear to others the licence terms of this work.’

Lin Dong

For my beloved mother, father, grandmother and my family

‘Beauty is as elusive as truth. Many enormously thoughtful people have tried to provide an understanding of the architecture and appreciation of beauty, and anyone who has read Aristotle is conscious of the complications of aesthetics. Appreciating the elegance and evocativeness of ideas demands a nuanced and sensitive ability to impose standards while constructing them. It is essential to experiment with new components of beauty, even while embracing old ones. Imagining, identifying, reconstructing, and celebrating an aesthetic of ideas about organizations is an unending project. The point is not to achieve a stable consensus on beauty, but to recognize its importance and to endorse the pleasures of constructing, debating, and experiencing it…The scholar who seeks beauty in ideas, despite the unbearable lightness of the search – or perhaps because of it – affirms an essential element of humanity’

James G. March, 2013

ACKNOWLEDGEMENTS

With the profound gratitude, I wish to thank every person who has been part of my life during the PhD journey. They make the PhD a rewarding experience for me. When I am writing down the acknowledgment at this very moment, all I can feel is happiness and appreciation.

First and foremost, I would like to thank my supervisors, Professor Andreas B. Eisingerich and Dr. Omar Merlo. Without them, I would not have the chance to pursue my dream career as an academic and start the exciting journey of this project. My exceptional thanks go to Andreas. His support at some especially important moments of the PhD enabled me to overcome barriers, move on and make progress with this project. It has been a great pleasure to work with him and share the understanding of research with him.

I am deeply grateful to the community of Organization Management Theory (OMT), where scholars open a door for me to join their inspiring and thought-provoking discussion. I have learned so much from this community. I would like to thank Professor Tom Lawrence, Professor Royston Greenwood, Professor Marc Schneiberg, Professor W.E. Douglas Creed, Professor Kevin Corley, Dr. Jeannette Colyvas, Professor Jill Purdy, Dr. Charlene Zietsma, Dr. Michel Anteby, Professor Tina Dacin and Professor Martin Kilduff, whom I came across in different circumstances. Their constructive suggestions helped me think much widely and deeply about this thesis. Because of their kind encouragement, I am able to firmly believe in my research and work hard on it with great determination. I would also like to thank Professor Simon Bell and Dr. Martin Fritze for their insightful comments on the paper.

My deepest gratitude goes to Professor Paul Tracey and Dr. Christian Hampel. This work would be impossible without their patient guidance, generosity in sharing their wisdom, and wholehearted support. The process of working on this project has been challenging and distressing. Every discussion I had with them not only pushed this project forward by leaps and

bounces, improved my understanding of qualitative research and paper writing, but also kept the beacon of hope on in this PhD journey. I am also indebted to my friends and informants who provided support during the data collection. And of course, all errors and omissions are my own.

I am also extremely grateful to all the faculties at Imperial College Business School. They have created an inspiring, open and friendly environment in the office, where I can always join the academic discussion, obtain feedback and also have causal conversations, a good laugh with them during breaks. My special thanks go to Dr. Jonathan Pinto, Dr. Jan-Michael Ross, Dr. Maria Farkas, Dr. Yuri Mishina, Dr. Renata Kosova, Professor Erkko Autio, Professor George Yip, Dr. Rajesh Bhargave and Dr. Sankap Chaturvedi. They may or may not remember the moments when they put positive comments on this project. Their encouragement gave me confidence, the persistence and power to go on in the most frustrating times. I cherish all these moments by heart.

I am also indebted to our Doctoral Programme team, especially Catherine Lester and Katherine Campbell. They are always so sweet and supportive to our PhD students' academic and personal life. I would also like to thank Donna Sutherland-Smith and Professor Richard Green from the Department of Management. Both of them have been very kind and offered their support in some circumstances that turned out to be critical opportunities for me to develop my research and meet wonderful scholars in the field.

I would like to express my special thanks to Professor Pinar Ozcan and Charlotte von Essen, who offered my very first TA opportunity that formally started my journey of being an educator. Pinar kindly shares her teaching experience with me and helps me whenever she can. She is a role model of excellent female researchers to me.

I would also like to thank Professor Davide Ravasi, Professor Rajesh Chandy, Professor Om Narasimhan, Professor Simona Botti and Dr. David Faro, who have generously allowed me to audit courses in CASS Business School and London Business School. Their modules have indeed transformed my understanding of research, encouraged me to conduct cutting-edge research and equipped me various tools and pathways of thinking that have benefited the development of this thesis and me, as a researcher.

Thanks to all my nearest and dearest friends in Imperial College and around the world for their love and support. Mengzhen, Meijun, and Jingyi have always backed me up and been ready to pick up their phone to cheer me up, no matter it is seven- or eight-hour time difference. Wanxin, Esma, Cleo, Mara, Hae Hyung, Valeria, Laurence, Marina, and Xuchang have always been by my side and offered their warmest and strongest support. I cannot emphasize more on how important their friendships are to me. They have held my hands to come through the most difficult and struggling times, encouraged me to become a tougher and more confident researcher, a more mature person. I have more faith in myself and have better ideas about who I am and what I can achieve because of them. Their strength has made me feel brave and strong. It is definitely my pleasure to call them friends and share this journey with them.

Thanks to the breath-taking scenery of Britain, thanks to music, thanks to art, thanks to Chinese crosstalk, thanks to all the beautiful things happening every day, which put a smile on my face, reboot my emotional energy, keep me moving forward and even give me the inspirations of some research ideas. Life does not always go as planned but I am lucky that I have the fortitude to give my best try.

Above all, I am extremely grateful to my parents and my whole family for their boundless support and encouragement throughout the PhD. My grandmother and my aunts, especially my late aunt Yulan, have always indulged me with the sweetest words in the world to show their

confidence in me and deep care for me. The memory of her will always be in my heart. My parents are always standing by me and have supported every single of my decision no matter what. Their wholehearted support, unconditional love, efforts of raising me as an independent and positive person make me who I am and enable me to pursue my dream. I love you all.

Lin

29 September 2008

London, UK

TABLE OF CONTENTS

ABSTRACT *2*

DECLARATION *3*

COPYRIGHT DECLARATION *4*

ACKNOWLEDGEMENTS *7*

1. INTRODUCTION *15*

1.1 The research topic and its significance **17**

1.2 Research interest, question and contribution **18**

1.3 Approach to the research question **20**

1.4 Structure of the thesis **21**

2. THEMES OF INSTITUTIONAL THEORY DEVELOPMENT *24*

2.1 Institutional theory: Relationships between institutions and actions **26**

2.1.1 Institution: Enduring elements in social life 26

2.1.2 Evolution of institutional theory: Increasing attention to the role of agency 28

2.2 Institutional Field **30**

2.2.1 Institutional field: The context where organizations are embedded in 30

2.2.2 Field types and their impact on institutional processes 31

2.3 Institutional work: Purposive actions and their impact on institutions **34**

2.4 Institutional maintenance: Reproduction of institutions **36**

2.4.1 Institutional maintenance before institutional work perspective 42

2.4.2 Institutional maintenance: Institutional work perspective 43

2.4.3 Two processes of institutional maintenance 45

2.5 Summary **47**

3. RESEARCH FOCUS: MAINTENANCE OF A SHADOW INSTITUTIONAL FIELD *48*

3.1 Shadow institutional field **48**

3.1.1 Organizing activities outside legal boundaries 48

3.1.2 Conceptualizing shadow institutional field 50

3.2 Research interest: Maintenance of a shadow institutional Field **52**

3.3 Summary **53**

4. METHODOLOGY: PARADIGM AND PROCESSES *54*

4.1 Research paradigm: Qualitative case study and its philosophical foundations **54**

4.2 Research strategy and methods: Grounded theory building from case study data **57**

4.2.1 Grounded theory strategy 57

4.2.2 Data collection methods 58

4.2.3 Data analysis procedures 63

4.3 Summary **76**

5. EMPIRICAL CONTEXT: COUNTERFEIT LUXURY INDUSTRY *77*

5.1 Counterfeit products and counterfeit industry: What we do not know **77**

5.2 Guangzhou: One of the famous counterfeit hubs in China **79**

5.3 Organizing counterfeit businesses on digital platforms **80**
5.4 The counterfeit luxury industry as a shadow institutional field **82**
5.5 Summary **83**
6. CASE STUDY: COUNTERFEIT LUXURY INDUSTRY ***84***
6.1 Theoretical model: Overview **84**
6.2 Findings: Maintenance of a shadow institutional field **87**
6.2.1 Unique institutional order 87
6.2.2 Acquisition phase – Build confidence 90
6.2.3 Acquisition phase – Establish a safe space 98
6.2.4 Transaction phase - Shield the space 104
6.2.5 Post-Transaction phase: Demarcate the boundaries 109
7. DISCUSSION: THEORETICAL CONTRIBUTIONS AND IMPLICATIONS ***115***
7.1 Theoretical contributions **115**
7.1.1 Field types and their impact on institutional maintenance 116
7.1.2 The micro-processes of maintaining a shadow institutional field 120
7.1.3 Breakdowns and institutional maintenance 122
7.1.4 Boundaries and institutional maintenance 124
7.1.5 Shadow institutional field: A new type of institutional field 126
7.2 Practical implications **127**
7.2.1 Insights from the theoretical model: Tackle shadow institutional fields 127
7.2.2 Implications to anti-counterfeit strategies 129
7.3 Transferability beyond the counterfeit industry **131**
7.4 Limitations and future research **133**
7.5 Conclusion **134**
REFERENCES ***136***

TABLE OF FIGURES

FIGURE 1: Data structure……..…..71

FIGURE 2: A process model of maintaining a shadow institutional field……..85

TABLE OF TABLES

TABLE 1: Key concepts……25

TABLE 2: Key empirical studies of institutional maintenance……..…38

TABLE 3: Analysis of research trustworthiness……69

TABLE 4: Maintaining a shadow institutional field: Additional evidence…….72

TABLE 5: Comparisons of approaches to institutional maintenance……119

1. INTRODUCTION

Institutional field is "the central construct" (Wooten & Joffman, 2008: 130) of institutional theory and represents the arena where actors develop relationships with each other, establish and maintain a set of institutions that constitute a recognizable part of our society (DiMaggio & Powell, 1983; Hinings, Logue & Zietsma, 2017; Wooten & Joffman, 2008; Zietsma, Groenewegen, Logue & Hinings, 2017). The overarching research interest of institutional theory is to understand the relationships between how organizations behave and the context where they operate. Institutional field is regarded as an "increasingly useful level of analysis" to explore this issue (Reay & Hinings, 2005: 351; Scott, 2014).

Within an institutional field, actors build relationships with each other, establish boundaries, share a common meaning system and make sense of their daily behaviors that guide them to interact to achieve a common objective. An institutional field could be a specific industry such as wine industry, a professional group such as accounting firms and its interaction partners, a group of social movement organizations addressing concerns such as HIV/AIDS. Despite a wide discussion of field-level organizing process, however, the current studies only focus on the fields that operate within legal boundaries.

Perhaps this is not surprising, since institutional theorists have argued that institutional environment constrains actions (Greenwood, Oliver, Sahlin-Andersson & Suddaby, 2008). Under this assumption, fields that operate outside legal boundaries would not exist because they are not permitted to operate by the law, which usually acts as a significant force to enable and constrain organization behaviors. However, the longevity of illicit wildlife trade, illicit wood trade and counterfeit industry seems to contradict this argument. These illegal activities have been recognized as a significant part of our society but rarely been explored in organization and management research.

In this thesis, I aim at exploring organizing processes outside legal boundaries. Building on the literature of institutional theory, I define a field that operates outside legal boundaries (i.e., laws, regulations and their supporting apparatuses) as a shadow institutional field[1]. Interestingly, even though shadow institutional fields are clearly defined as illegal by authorities, actors excel in maintaining their fields for a long time, despite their illegal status and the significant constraints placed on them by the law. Although some researchers have started to explore organizing activities in illegal contexts as a form of organized crime or clandestine organizations (e.g., Stohl & Stohl, 2011; Leeson & Rogers, 2012), they only focus on how these illegal activities are conducted rather than explaining why they can be institutionalized as part of societal life.

Leveraging institutional theory allows me to explore the contributors of such persistence. It also encourages a more comprehensive understanding of these phenomena by taking an internal view and accommodating discussions about how actors interact, build relationships, interpret their behaviors and social realities in illegal settings. So far, the efforts that internal actors make to sustain shadow institutional fields remain largely unexplored. It constitutes a significant blind spot in institutional theory.

This thesis explores the maintenance of a shadow institutional field using a qualitative case study of the counterfeit luxury industry. The counterfeit industry is deemed as illegal universally. In other words, the activities of producing and distributing counterfeit products do not align with the law and regulations. Despite its illegality, trade in counterfeit goods is a highly institutionalized phenomenon world widely. It represents a perfect setting to explore the question of how a field that operates outside legal boundaries is maintained.

[1] I would like to thank Paul Tracey for suggesting this term and also the research direction of this thesis building on this idea.

In this thesis, I develop a process model to demonstrate the main features of a shadow institutional field and how actors maintain it. Specifically, I build a framework that considers how actors confront challenges to reproduce institutions in a field where legal enforcement and socialization pressure are missing. For example, rather than covering uncertainties that are attached to the shadow institutional field, in this case, institutional workers share them transparently and work to rationalize them. In addition, in this context, breakdowns are more common and can be caused by institutional workers themselves. Theorizing shadow institutional field as a new type of field provides an arena to explore and understand organizing process of illegal activities and has a potential to uncover new insights of institutional process.

1.1 The research topic and its significance

Exploring the maintenance of shadow institutional fields is important for both theorists and practitioners. First, shadow institutional fields represent a form of social phenomenon that the current literature in organization and management studies has not explored thoroughly. As the legal system has become sound, still, shadow institutional fields have continued to be a crucial part of society. For example, it is estimated that the total value of counterfeit goods sold annually is around 1.8 trillion dollars (Economist, 2015). As a substantial component of the economy, trade in counterfeit and pirated goods represents 2.5 percent of the world trade in 2013 (OECD, 2016). In developing countries, during the period of 1990-2014, the informal business sector counts for 32% of their GDP and more than half of the employment share (Chatterjee & Turnovsky, 2018).

Many argue that the weak legal enforcement is the key contributor to the longevity of these illegal activities, but it seems to be an overly simplistic explanation. Shifting the focus

from external environment such as the degree of law enforcement to the efforts from internal actors provides an opportunity to develop a more powerful explanation. To be specific, taking an internal view allows us to understand the "shared meanings and other institutional infrastructure elements" of these fields that "may prevent change." (Zietsma et al., 2017: 424). Illegal activities are considered to be harmful to society. Government agencies and other relevant stakeholders have tried to curtail them but some of them are persist as part of our societal life. However, so far, we still don't know the internal mechanisms that keep them going.

Second, shadow institutional fields are interesting settings that may allow us to develop novel theoretical insights to advance institutional theory. Organizations and organizing activities in shadow institutional fields are largely missing from the current studies. So far, the discussion about institutional maintenance and institutional field fails short to offer sufficient explanation for the maintenance of shadow institutional field. It suggests that there are mechanisms of institutional maintenance that have not been systematically examined by organization researchers. It represents opportunities to uncover new insights that contribute to institutional theory.

1.2 Research interest, question and contribution

The motivation behind this study was to build theories about institutional maintenance of shadow institutional fields. This was primarily born out of an interest in the challenges and efforts to organize in an illegal context. For example, in the case of the counterfeit industry, distributors cannot rely on TV advertisement to communicate with customers. Distributors and suppliers cannot rely on the law to settle conflicts. More general, when actors need to coordinate with each other in the shadow without formal governance and transparent

guidance, how do they come together and work to achieve a common goal? How do they reach agreements about how to interact? How do they deal with conflicts? How do they ensure that newcomers follow the taken-for-granted ways of interaction? In theoretical terms, how do actors maintain shadow institutional fields? Three most recent review papers of institutional field have systematically reviewed empirical field studies that have been published on top management journals (Hinings et al., 2017; Powell & Rerup, 2017; Zietsma et al., 2017) . It is surprising that shadow institutional field has been missing from the conversation despite its significance and prominence in society.

The process of maintaining shadow institutional fields is especially intriguing as the activities organized within these fields are against the law. As a process of "supporting, repairing, and recreating" institutions (Lawrence & Suddaby, 2006: 230), institutional maintenance is often achieved with the support of regulative pillar of institutions such as rule creation and enforcement. Institutional maintenance is rooted in the 'repeated enactment of relevant norms and practices' (Dacin, Munir & Tracey, 2010: 1414). The persistence of institutions relies on regulative, normative and cultural-cognitive pillars that constantly guide and give meanings to organizational and individual behaviors (Scott, 2014).

Actors must hide from authorities while actively respond to various divergences from the current institutional order. To be specific, because of the illegality, actors within these fields must cope with detections from authorities to avoid punishment. And of course, shadow institutional fields cannot rely on regulative pillars to enforce institutions. In a legal context, laws and regulations usually facilitate institutional stability by enforcing institutional practices. In contrast, integrating rules and laws would have a corrosive effect on a shadow institutional field. Operating under the radar also means that the organizing process cannot be executed in a public space. The lack of publicity and transparency causes ambiguities such as who to coordinate and how to interact.

According to extant research on institutional theory, such fields should not be able to survive, yet they do exist and thrive. Why is it that shadow institutional fields can endure despite the apparent legal pressure and inconsistency with the mainstream regulations and the law?

This thesis contributes to the literature of institutional maintenance and institutional field. In an illegal context where regulative pillars of institutions are missing, actors seeking to maintain the institutional order face a different set of challenges that might trigger a distinctive maintaining process. By demonstrating the micro-processes of maintaining a shadow institutional field, this thesis identifies the features of a shadow institutional field that shape institutional maintenance, presents a maintenance process that occurs outside legal boundaries and highlights how actors in the field address challenges in this process such as managing breakdowns and boundaries. In addition, this thesis also theorizes shadow institutional field and opens the conversation around it. In practice, this research is the first to uncover the underlying mechanisms that conserve the shadow side of society in organization and management studies. Such understanding allows us to explore the key contributors that prevent authorities and other relevant stakeholders to interrupt and transform shadow institutional fields.

1.3 Approach to the research question

To address the research question, I conducted a single case study of the counterfeit luxury industry in Guangzhou China. Guided by a grounded theory-building approach, I adopted the inductive theory building logic and followed by the insights emerged from data. This approach allows preserving the richness and vividness yet purposively sampled data offers the foundation for theory generation.

Data are collected through semi-structured interviews, informal conversations, and observations from the case, through which I explore counterfeiters' daily activities and their interpretations of their real-life experience. Media and secondary literature that describes the local context is also included. The multiple data sources allow me to present a holistic picture of the counterfeit luxury industry and to increase the credibility and validity of the findings.

Data analysis aims for theory building. It focuses on contributing to a mid-range theory (i.e., between the working hypotheses of daily life and the broad theories) of institutional maintenance and institutional field by generating theory from participants' daily experience. Rather than claiming for statistical generalization, this research aims at having analytical generalization and building up new theory from data. To do so, I followed an inductive data analysis method, analyzing the data as I collected it, employing naturalistic inquiry and constant comparison techniques.

1.4 Structure of the thesis

The reminding of the thesis is organized as follows. Chapter two reviews institutional theory in general and its evolution, to which this research aims to contribute. It demonstrates how the core theoretical lenses adopted in this thesis, namely institutional field, institutional maintenance and institutional work, are situated in the map of institutional theory. By elaborating on the research focus and key assumptions of these three sub-streams in institutional theory, I highlight the blind spots in institutional maintenance and institutional field that I aim to address in this research by leveraging the lens of institutional work.

Chapter three illustrates the theorizing process of shadow institutional field and the development of the research question. By building on the key insights from the current studies about managing illegal activities in broader management literature, I conceptualize

the construct of shadow institutional field and explain how the institutional lens helps address the question of how the shadow part of society sustains. At the end of this chapter, I introduce the research question.

Chapter four describes the methodology of this research. It first explains and justifies the paradigm of conducting inductive qualitative case study, especially the use of grounded theory strategy. Then I illustrate the actual data collection and analysis processes in order to show how theoretical insights are generated from the data in greater detail.

Chapter five delineates the empirical context of the case study. It starts with the definition of counterfeit product, a general background of counterfeit industry, and the current knowledge of it. Then it offers more detailed information about the empirical context of this case study, such as the industrial development in Guangzhou and the pressure local luxury counterfeiters face.

Chapter six demonstrates the key findings in this research. Specifically, these themes illustrate the main features of the counterfeit luxury industry and the forms of institutional work actors conduct to maintain the field. The chapter starts with the theoretical model emerged from the data to provide an overview. Then I move to each specific theoretical theme and offer a more detailed explanation.

Chapter seven concludes this thesis. Building on the model that demonstrates the micro-processes of maintaining a shadow institutional field, this chapter elaborates on the key theoretical contributions to our understanding of institutional maintenance and shadow institutional field. In addition, this research also indicates some practical implications to policy makers and other stakeholders by offering the understanding of the internal mechanisms that keep the shadow part of society going, especially the counterfeit industry.

Also, I provide the boundary conditions for the findings, future research agenda and a conclusion.

2. THEMES OF INSTITUTIONAL THEORY DEVELOPMENT

In this chapter, I start with describing the evolving research focus of institutional theory. Then, I review the substreams of this theory that the thesis uses to address the research question, namely institutional field, institutional work, and institutional maintenance. By elaborating on the current studies of these three research streams, I highlight the blind spots in institutional maintenance and institutional field and elucidate how this thesis addresses them. Table 1 provides a summary of the key concepts used in this research.

TABLE 1: Key concepts

Concept	Elaboration
Institution	**Definition** - "…enduring elements in social life…that have a profound effect on the thoughts, feelings and behavior of individual and collective actors" (Lawrence & Suddaby, 2006: 216). - "…rules and shared meanings that define social relationships, help define who occupies what position in those relationships and guide interaction by giving actors cognitive frames or sets of meanings to interpret the behavior of others" (Fligstern, 2001: 108) **Research focus** - The relationships between how organizations behave and the environment organizations operate in: institutions' impact on behaviors
Institutional work	**Definition** - A broad category of intentional or unconscious actions that build up, tear down and maintain institutions (Hampel, Lawrence & Tracey, 2017; Lawrence & Suddaby, 2006) **Research focus** - Actors' impact on institutions
Institutional maintenance	**Definition** - The process of "supporting, repairing, and recreating" institutions (Lawrence & Suddaby, 2006: 230). **Research focus** - How institutions survive beyond the lifespan of their initiators.
Institutional field	**Definition** - Constituted by sets of institutions and networks of organizations that form 'a recognized area of institutional life' (DiMaggio & Powell, 1983: 148) **Research focus** - The level of analysis that is at the core of institutional theory. - The behaviors of organizations and individuals within the same field are guided by institutions, which define what is appropriate and acceptable.

2.1 Institutional theory: Relationships between institutions and actions

2.1.1 Institution: Enduring elements in social life

Institutional approach to organization studies is a powerful lens to understand the relationships between how organizations behave and the environment organizations are embedded in (Greenwood et al., 2008). The core argument in this theory is that institutions govern actions. Institutional theory is one of the dominant theories in organization studies since the 1970s and has been widely adopted to explain organization behaviors. Compared to other mainstream theories in management and organization studies, institutional theory is not a 'theory' per se but a tent that contains multiple substreams that have different sets of assumptions and research interests (Greenwood et al., 2008). This thesis is developed based on the theoretical lenses of institutional work, institutional maintenance and institutional field.

Institutions are "enduring elements in social life…that have a profound effect on the thoughts, feelings and behavior of individual and collective actors" (Lawrence & Suddaby, 2006: 216). In other words, when individuals and organizations make decisions and take actions, they are not completely free from any influence but constrained by a certain set of appropriate and acceptable options (Hoffman, 1999). These options manifest as "rules and shared meanings that define social relationships, help define who occupies what position in those relationships and guide interaction by giving actors cognitive frames or sets of meanings to interpret the behavior of others." (Fligstern 2001: 108). These normative and cognitive understandings of social reality are enacted through daily and repetitive behaviors (Greenwood et al., 2008: 4-5). Institutions can be in various forms such as British class system (Dacin et al., 2010), the profession of Scottish advocates(e.g., Siebert, Wilson & Hamilton, 2017), organizational forms (e.g., Tracey, Phillips & Jarvis, 2011), and the long-lasting selection system of Cambridge boat club (e.g., Lok & de Rond, 2013).

Institutions carry two significant properties: stabilizing (i.e., relatively resistant to change and repetitive performed) and meaning-making (i.e., providing meaning to daily activities) (Jepperson, 1991; Scott, 2014). In his seminal work, Scott (1995) argues that these two properties are underpinned by regulative, normative and culture-cognitive pillars of institutions. The regulative pillar of institutions highlights the explicit regulatory process such as creating rules, monitoring and punishing. The underlying mechanisms to ensure compliance of institutions are coercive that enforce actors to perform as expected (Scott, 2014).

Normative pillar comprises both values (i.e., broad preference and desirability concerning suitable behaviors and outcomes) and norms (i.e., how thing should be done) that define the common goals and appropriate ways to achieve these goals (Scott, 2014). Norms and values can be internalized or imposed by dominant actors. They shape other actors' understanding of what is considered as appropriate and acceptable in a specific context.

Culture-cognitive pillar of institutions stresses the centrality of the common meanings that are shared by actors and form social reality. Meanings are usually developed in interactions, diffused as they are employed to make sense of activities. People's mental cognitive frames impact what information draws their attention, how they interpret such information that further shapes their evaluation and judgment of behaviors. The mechanism to ensure the compliance is that other forms of information or behaviors may not be noticed as actors directly follow what they are familiar with and the routines.

These three pillars work collectively to stabilize institutional orders (Scott, 2014). When these pillars point to the same direction, institutional elements offered by the three pillars reinforce each other and act as a strong force to facilitate the stability of institutions. When contradictory elements exist among these pillars, conflicts arise and may lead to change.

2.1.2 Evolution of institutional theory: Increasing attention to the role of agency

Neo-institutional theory (i.e., institutional theory in the thesis) emerges from Meyer and Rowan's seminal paper in 1977. This paper addresses the question of why many organizations have similar structure even though the structure may not be effective for all of them (Meyer & Rowan, 1977). Before the 1970s, the mainstream literature in organization studies holds the assumption that organizations behave and make decisions only in respond to technical pressure and economic efficiency (Greenwood et al., 2008; Meyer & Rowan, 1977).

Against the view that organizations are rational, neo-institutional theory contends that organizations respond to not only market pressure but also institutional pressure (Meyer & Rowan, 1977). In other words, organizations adopt certain practices because of the concern of legitimacy. That is, whether they can be evaluated positively and accepted by key stakeholders. Organizations with high legitimacy have a higher survival possibility because the high legitimacy gives these organizations a better access to resources (Greenwood et al., 2008; Meyer & Rowan, 1977). Following this logic, the early conversation of institutional theory seeks to explain the similarities among organizations by highlighting how the institutional environment shapes organizations' decisions and behaviors (Greenwood et al., 2008).

However, the legitimacy explanation to the homogeneity of organizational forms and behaviors seems to be problematic. For example, the tendency of isomorphism might be caused by other factors such as developing competitive advantage (Greenwood et al., 2008). Legitimacy also cannot explain the coexistence of various organizational forms in the same industry (Greenwood et al., 2008; Tracey, 2011). Moreover, studying isomorphism among organizations does not fit in the fast-changing world, which might constraint the theory's applicability to the real-world practice (e.g., Dover & Lawrence, 2010; Greenwood et al., 2008).

In order to respond to the criticism, institutional theorists started to use the key ideas such as legitimacy and isomorphism to explain change and explore questions such as how and why organizations respond differently to their common institutional context and what are the endogenous and exogenous factors that trigger change. During this process, institutional field has also been recognized as the level of analysis for institutional theory (Greenwood et al., 2008).

In the recent ten years, one of the most important developments in institutional theory is the emergence of institutional work perspective and the attention on agency (Hampel et al., 2017; Lawrence & Suddaby, 2006). Rather than focusing on how the environment shapes behaviors, institutional work perspective argues that organizations and individuals are able to impact their institutional environment. By highlighting the role of agency, this perspective encourages researchers to look into the institutional process itself rather than the outcome of it (Suddaby, Seidl & Lê, 2013). It also brings institutional theorists' attention to the micro-process of institutionalization by focusing on practices and strategies conducted by organizations and individuals (Dover & Lawrence, 2010). In addition, the emergence of institutional work perspective formally puts institutional maintenance on the map of institutional theory because institutional work brings scholars' attention to actors' efforts and argues that the persistence of institutions requires constant maintenance efforts.

This thesis relies on the theoretical lenses of institutional field, institutional work, and institutional maintenance to address the research question: exploring actors' efforts to maintain institutions in a shadow institutional field. In the current discussion of management and organization theory, scholars have highlighted that research should shift from being paradigm-driven to being problem-driven (Davis & Marquis, 2005). This thesis thus responds to the call to join the discussion of social issues that can be addressed by institutional theory.

2.2 Institutional Field

2.2.1 Institutional field: The context where organizations are embedded in

An institutional field is constituted by sets of institutions and networks of organizations, which form 'a recognized area of institutional life' (DiMaggio & Powell, 1983 : 148). As a central construct and one of the cornerstones of institutional theory (Scott, 1991), institutional field has been regarded as the most appropriate level of analysis to understand the interplay between organization behaviors and the environment (Scott, 2014). Within the same field, actors are guided by a specific set of institutions to make decisions and take actions. Institutional field can be in various forms. It can refer to a specific industry such as fast-moving consumer goods industry and medical industry. It can also be social movement fields that are comprised by members of multiple relevant fields who concern about, for example, human rights and climate change.

The fundamental idea underpinning the 'field approach' is that the performance and behavior of an object are not only determined by its internal or innate attributes but also the position it is located in its physical or social space (Scott, 2014). Bourdieu highlights that a field is an arena where actors engage in the same game by following the shared rules (Bourdieu, 1993; Scott, 2014). In other words, within the same field, actors share the expectations of each other and follow the common guidance of how to behave at their own positions. It is a relation space for organizations to involve themselves with, interact and work with other actors (Scott, 2014; Wooten & Joffman, 2008). The concept of field also has a root in practice theory because a field is constituted by " interconnected human practices" (Bourdieu, 1977).

Building on these insights, institutional theorists further develop the perspective of field by paying more attention to the institutions that bind actors together. Through repeated

interactions, actors within the same field develop a shared understanding and belief to interpret the social reality, determine appropriate and expected behaviors, guide behaviors and provide meanings to them (Maguire, Hardy & Lawrence, 2004; Zietsma et al., 2017).

The stability of a field is supported by its institutional elements such as identities, relationships, events, and structures that ensure actors interact with each other frequently and faithfully (Scott, 2014). These institutions guide and facilitate actors to behave in appropriate and acceptable ways. As a result, actors in different positions of a field can perform as expected and coordinate with each other to achieve a common goal. Changing one institutional element would not lead to the shift of the whole institutional order as these institutions reinforce each other and act as blocks to prevent change.

2.2.2 Field types and their impact on institutional processes

Different types of fields shape institutional processes in different ways. Although previous literature has developed a wide range of insights of institutional field, scholars have different ideas about what constitutes an institutional field. The construct of institutional field has been used to conceptualize rather disparate phenomena such as industries vs. social movement networks. To deal with this issue, Zietsma et al. (2017) have conducted a systematic review of the current field studies and developed a typology of institutional fields. In Zietsma et al. (2017)'s paper, they identify different types of fields and how these differences impact institutional change. Such clarification helps to improve the accuracy when exploring field-level process, accumulating knowledge of institutional field and simulating new research directions (Zietsma et al., 2017). In the following paragraphs, I briefly summarize the main insights from this paper to illustrate how different types of field

impact institutional change and highlight the need to theorize shadow institutional field as a new type of institutional field.

In the current literature, most scholars choose exchange fields and issue fields to explore institutional phenomenon. Exchange field refers to the field that comprises a group of actors and their exchange partners (Zietsma et al., 2017). This definition aligns with one of the most commonly used definitions of institutional field from DiMaggio and Powell (1983). In their view, a field is constituted by organizations such as key suppliers, regulatory agencies and other organizations providing similar product and services (DiMaggio & Powell, 1983). For example, the members of the wine industry share common practices, meaning systems and expectations than they have with the members in the retail industry. In exchange fields, the common objective is to conduct and sustain exchange with interaction partners (Beckert, 2010; Zietsma et al., 2017).

Exchange field can be divided into various types of subfields such as industry exchange field, professional exchange field and social movement exchange field. Different properties of these fields have different impacts on institutional process. For example, in industry exchange fields, institutional change is fast as organizations compete to seek optimal distinctiveness and open to experimentation (e.g., Ansari & Pillips, 2011; Gawer & Phillips, 2013). In contrast, in professional exchange fields, institutional change can be slow as the purpose of professional fields is to control practices, which leaves limited room for experimentation and the introduction of new ideas (e.g., Smets, Morris & Greenwood, 2012).

Another general type of institutional field that has been widely discussed is issue field. Different from exchange field, issue field is constituted by actors who are interested in the same issue (Zietsma et al., 2017). These actors might be located in different exchange fields. They come together to negotiate and shape meanings and practices that aim for impacting

other fields regarding a certain issue (e.g., Reay & Hinings, 2005). Because of this feature, conflicts in issue fields might be more prominent. Thus, change is more common in issue fields. Under this category, Zietsma et al. (2017) have further elaborated on the features of three subfields namely competitive issue field, interstitial issue field and bridging issue field.

Institutional process is impacted not only by the types of field but also by field conditions (Greenwood, Raynard, Kodeih, Micelotta & Lounsbury, 2011). First, the fields with both formal governance (e.g., professional associations and regulators) and informal institutional elements (e.g., norms and identities) that reinforce each other can be considered as highly institutionalized and elaborated (Hinings et al., 2017). These fields tend to be relatively stable. They also have mature processes that allow newcomers to enter and be embedded in the institutional order through, for example, education program. Actors in these fields have explicit rules and guidelines to follow and are clear about the appropriate and expected practices. The field with limited institutional elements would lead to ambiguity of how to perform. Second, fields could also be contested when the institutional elements are highly elaborated but contradict with each other without a dominant logic. More than one group of dominant actors compete over field structuring. The fields in such conditions are more likely to change.

As noted, a clear classification of types of fields helps with knowledge accumulation as the nature of these fields impacts institutional processes. Interestingly, in the most recent literature review papers about institutional field (Hinings et al., 2017; Wooten & Hoffman, 2017; Zietsma et al., 2017), none of them have acknowledged nor discussed the existence of institutional fields that operate outside legal boundaries.

2.3 Institutional work: Purposive actions and their impact on institutions

Institutional work perspective draws institutional theorists' attention to actors' everyday tasks and activities. Institutional work refers to a broad category of intentional or unconscious actions that build up, tear down and maintain institutions (Hampel et al., 2017; Lawrence & Suddaby, 2006). For example, institutional work could be efforts to create rules with an intention to enforce how actors behave. It could also be efforts to educate actors the skills and capabilities that are necessary to support institutions.

In the recent ten years, the burgeoning discussion of institutional work contributes to our understanding of "how, why and when actors work to shape sets of institutions, the factors that affect their ability to do so, and the experience of these efforts for those who involved" (Hampel et al., 2017: 558). These actors include not only powerful ones who are able to mobilize resources and skills to impact institutions but also the ones who support the endeavors of maintaining and changing institutions. According to institutional work perspective, institutions are the "products of human action and reaction motivated by idiosyncratic personal interests and agendas for institutional change and preservation" (Jepperson, 1991; Lawrence, Suddaby & Leca, 2009: 6).

Compared to the traditional focus of institutional theory that explores how the environment impacts behaviors, institutional work perspective shifts our attention to the role of actors and how they interact with and impact institutions (Hampel et al., 2017; Lawrence & Suddaby, 2006). In other words, this perspective is contradictive to the common assumption for institutional theorists that the environment exists independently and is out of actors' control (Lawrence, Leca & Zilber, 2013; Phillips & Lawrence, 2012). Institutional work perspective contends that actors are able to actively influence its operating environment through different forms of work, enabling themselves to have better capabilities to create economic value (Phillips & Lawrence, 2012).

Institutional work perspective is developed based on two theoretical foundations: embedded agency and sociology of practice. The idea of embedded agency directs researchers' attention to how individuals live in, experience and confront institutions in their daily lives (Battilana & D'Aunno, 2009). The idea of embedded agency is the cornerstone of institutional work perspective (Hampel et al., 2017; Lawrence & Suddaby, 2006). A metaphor proposed by Giddens (1984) has grasped the dual aspects of institutions: institutions can be seen as the walls of a room that individuals are situated in and cannot escape but they are free to move inside the room. In other words, institutions provide meanings to actors' daily activities and also provide motivations to guide individuals and organizations to take actions. Simultaneously, institutions are the products of individual and organizational actions.

Institutional work perspective is also grounded in the sociology of practice. Practices are organized, embodied human activities based on shared understanding and meanings underpinning them (Lok & de Rond, 2013; Schatzki, 2001). Aiming at influencing institutions, practices serve as a bridge between actors' efforts and institutions (Hampel et al., 2017). These particular practices that aim at shaping institutions and the field they operate in are theorized as institutional work. Institutional work perspective draws greater attention to the micro-foundations of institutions. That is, how individuals' and organizations' actions and interactions are amplified and impact institutions that they are embedded in. It also offers fertile ground to understand how organizational strategies and tactics are realized at micro-level (Phillips & Lawrence, 2012).

In the early phase, the discussion of institutional work is organized around the aims of institutional work including creating, maintaining and disrupting institutions. Lawrence and

Suddaby (2006) have theorized various forms of institutional work based on this typology[2]. Building on the initial understanding of institutional work, researchers have conducted empirical studies that elaborate on different forms of institutional work in specific contexts (Gawer & Phillips, 2013; Helfen & Sydow, 2013; Hirsch & Bermiss, 2009; Jones & Massa, 2013). Within the three categories, the institutional work aimed at creating institution has attracted most attentions from institutional theorists (Dover & Lawrence, 2010; Lawrence & Suddaby, 2006). It is not surprising as creating institutions aligns with scholars' interests in institutional change.

Such typology also brings scholars' attention to institutional maintenance as institutional work perspective argues that the stability of institutions requires efforts from actors (Lawrence, Suddaby & Leca, 2011). The most fundamental question in institutional theory to answer is that 'how social structures can be made to be self-replicating and persist beyond the life-span of their creators' (Lawrence & Suddaby, 2006). Thus, institutional maintenance is an important area to explore for institutional theorists.

2.4 Institutional maintenance: Reproduction of institutions

The studies on institutional maintenance aim to answer the question of how institutions are able to survive beyond the lifespan of their initiators (Lawrence & Suddaby, 2006; Lok & de Rond, 2013). The increased attention to this body of literature is surely overdue, given that the feature of persistence is at the core of institutions. For a long time, scholars assume that the reproduction of institutions is an automatic process. Indeed, the concept of institution connotes the features of innately enduring, stable and being able to self-reproduce with

[2] According to Lawrence and Suddaby (2006), these forms of institutional work are identified from three top management journals: *Administrative Science Quarterly, Academy of Management Journal* and *Organisation Studies*.

mutable effects (Hampel et al., 2017; Lawrence & Suddaby, 2006). It is not surprising that under this assumption institutional maintenance research remained relatively silent. The lack of attention to maintenance process impedes a more nuanced understanding of the underlying mechanisms that sustain institutions.

Institutional maintenance is defined as the process of "supporting, repairing, and recreating" institutions (Lawrence & Suddaby, 2006: 230). It addresses the question of how institutions can be repeated and reproduced. Although institutions appear to be stable, most of them do not have strong mechanisms to enable self-reproducing (Lawrence & Suddaby, 2006). Furthermore, institutions are challenged by external environment and internal dynamics (Zucker, 1988). Without consistent efforts to preserve them, institutions would gradually drift into entropy (Currie, Lockett, Finn, Martin & Waring, 2012). For example, even for the institution of 'democracy' that is highly institutionalized in the US, a wide range of institutional work is required to ensure its persistence such as keeping the validity of vote counting and organizing voter registration drives (Lawrence & Suddaby, 2006). These forms of work are essential to ensure and support the continuity of democracy in the US.

As I mentioned above, before the rise of institutional work, institutional maintenance remained relatively unexplored (Dacin et al., 2010; Jepperson, 1991). However, it does not mean that it had been ignored altogether. In the following sections, I review the key insights related to institutional maintenance before and after the emergence of institutional work perspective. Table 2 provides a summary of the main empirical studies of institutional maintenance.

TABLE 2: Key empirical studies of institutional maintenance

Article	Research Question	The target of maintenance work	Level of analysis	Context	Key Findings	Key contributions to the literature of institutional maintenance
Gill, M.J. & Burrow, R. (2018) The function of fear in institutional maintenance: Feeling frightened as an essential ingredient in haute cuisine.	How is fear implicated in institutional work to reproduce or sustain institutions?	Haute cuisine including traditional practices and fear as a normative element in its own right	Micro level	Chefs in a small group of elite restaurants and hotels in various locations around the world	The findings demonstrate that the felt fear acts as a mechanism to drive conformity. It is supported by fear work that aims at linking fear with the violence of institutions. In addition, fear itself is a normative expectation in the context of haute cuisine.	In paper shows how fear acts as a mechanism of institutional maintenance by implicating it into the regulative and normative processes.
Zietsma, C., Ruebottom, T., and Shantz, A.S. (2018) Unobtrusive maintenance: Temporal complexity, latent category control and the stalled emergence of the cleantech sector.	How is innovation avoided to maintain the status quo?	Status quo	Field level	Canadian cleantech sector	In the settings where direct resistance to disruptive innovation is not a valid option, incumbents can show the support to the innovation publicly while activate stabilizing mechanisms that block actions geared toward change. It undermines entrepreneurs and ultimately leading to unobtrusive maintenance.	Rather than managing temporal complexity to support efforts for institutional change, this work shows how temporal complexity can block change and disruptive innovation to maintain the current institutional arrangements. In addition, rather than overt maintenance efforts such as valorizing or demonizing, this paper shows how actors maintain institutions in an obstructive way.
Wright, A.L., Zammuto, R.F., and Liesch, P.W. (2017) Maintaining the values of a profession: Institutional work and	How do specialist actors maintain the values of their profession in	Professional/traditional value: Altruism	Micro – Macro level	A hospital in Australia: everyday work of specialists in	Triggered by misalignments between professional values and organizational practices, processes of institutional maintenance are activated	This study contributes to the role of emotion in institutional maintenance by exploring how moral emotions trigger the process of maintenance work

moral emotions in the emergency department.	everyday work inside organizations?			emergency medicine (qualitative case study)	along two different paths: individual actions or collective actions.	and how emotion elicitor and emotional scope shape this process.
Sievert, S., Wilson, F. & Hamilton, J.R. (2017) "Devils may sit here:" The role of enchantment in institutional maintenance	What role does organizational space play in institutional maintenance?	Institutionalized profession: profession of advocates	Micro level	Scottish advocates (qualitative case study)	Three spatial mechanisms, emplacement, enactment of space, and enchantment, contribute to institutional maintenance collectively. By focusing on enchantment, this study also highlights how people's experience of space may stabilize institutions through emotional and aesthetic aspects.	Rather than maintenance through discipline and coercion, this study draws attention to non-rational phenomena, such as the sense of awe, mystery, and secrecy, and shows how they impact institutional processes.
Weiss, H.R. & Huault, I. (2016) Business as usual in Financial Markets? The creation of incommensurables as institutional maintenance work	How do powerful actors defend their status quo?	Field structure: over-the-counter financial markets in Europe	Field level	Over-the-counter financial markets (qualitative case study)	The findings show that incumbents defend the idiosyncrasy of the existing institutional order and utilize the inertia of existing practices in a way to argue that the current system offers the best interests to clients.	The creation of incommensurables as a new maintenance strategy through supporting the universal acceptable principles while resisting the application of these principles in a specific setting concerned.
Lok, J. & de Rond, M. (2013). On the plasticity of institutions: Containing and restoring practice breakdowns at the Cambridge University Boat Club	How is institutional stability achieved through practice performances that not only deviate from, but also challenge, institutionalized rules, norms and beliefs?	Institutionalized practice: Cambridge University Boat Club's selection practices	Micro level	Cambridge University Boat Club (ethnography)	Institutional maintenance involves different forms of maintenance work. Their salience and importance are contingent on the nature and history of practice breakdowns. When breakdowns are minor, containment work follows, smoothing over the practice breakdowns and downplaying their significance. When breakdowns are major, restoration work follows, which resolves the breakdowns by realigning the	This study challenges the assumption that socialization and rule enforcement are the basis of institutional stability. It proposes a more subconscious and relatively effortless micro process of institutional maintenance, namely reflexive normalization work. The research also highlights the contingent nature of different forms of maintenance work. it also highlights the plasticity of institutions that can accommodate temporary

					institutionalized script with actual practice to protect the organizing principles.	breakdowns without effecting the fundamental structure.
Micelotta, E.R. & Washington, M. (2013) Institutions and Maintenance: The Repair Work of Italian Professions.	Investigating institutional maintenance when existing institutional arrangements are disrupted.	Institutional arrangement: legal profession	Field level	Italian legal professions, especially two professional associations	To repair the institutional disruption led by Italian government and regain the privilege to self-regulate, legal professions reversed change and restored the status quo by re-asserting the norms of institutional interaction, re-establishing the balance of institutional powers, regaining institutional leadership and reproducing institutionalized practices.	Rather than conceptualizing institutional maintenance as a process of preservation and reinforcement of existing institutional arrangements, this paper suggests an alternative way to achieve institutional stability: repairing work.
Currie, G., Lockett, A., Finn, R., Martin, G., & Waring, J. (2012) Institutional work to maintain professional power: Recreating the model of medical professionalism.	Examining institutional work carried out by elite professionals aiming at maintaining professional dominance when facing external threats to their privileged position.	Privileged position: elite professionals	Meso Level	Multiple sites of English National Health Service (NHS)	By conducing six forms of institutional work, namely, theorizing, defining, educating, policing, constructing normative networks, embedding and routinizing, elite delegate routine tasks to other actors and reinforce the existing resource and control arrangements related to the service delivery. As a result, elite supplanted the threat of substitution and enhance their status.	This paper delineates how the combination of different forms of institutional work interact and maintain institutions collectively. Rather than mere resistance to the external threat, this paper shows that powerful actors can also regenerate institutional arrangements and actively enhance their status thus remain dominance.
Dacin, M.T., Munir, K., & Tracey, P. (2010). Formal dining at Cambridge Colleges: Linking ritual performance and institutional maintenance. *Academy of management Journal*, 53 (6), 1393 – 1418.	How do organizational rituals support the maintenance of institutions at a macro level?	Societal level institutions: British class system	Micro – Macro level	College dinning of Cambridge (qualitative case study)	Organizational rituals support the maintenance of institutions through socializing participants into particular norms and values, educate them about the roles they expect to play. Rituals also trigger a powerful desire	Rather than portraying institutional maintenance as a quasi-strategic process, this study suggests a more fragmented and less strategic concept of institutional maintenance. It depicts a more complex and less linear picture

					in participants to protect the integrity of the performance. Performing rituals not only affects the identity and image of actors while they are active participants, but also influence their behaviors and social interactions beyond the confines of their original context that enables the maintenance of social class system of British society.	of institutional maintenance and brings a concern for micro-level interaction back into institutional theory, highlighting that institutions are situated, interpreted, and reinforced locally.
Zietsma, C. and Lawrence, T.B. (2010) Institutional work in the transformation of an organizational field: The interplay of boundary work and practice work	How does actors' work shape boundaries and practices and how do the states of boundaries and practices affect institutional processes?	Institutionalized boundaries and practices of forest industry	Micro-field level	British Columbia coastal forest industry (qualitative case study)	By conducting boundary work and practice work, actors shape boundaries and practices that facilitate the transitions between institutional stability and institutional change.	Sustaining a strong boundary contributes to institutional stability by protecting autonomy and accessing to resources.

2.4.1 Institutional maintenance before institutional work perspective

Before Lawrence and Suddaby's seminal work that formally pins institutional maintenance as a main research interest in institutional theory, some studies have mentioned the importance of this topic and suggested some mechanisms that support the continuity of institutions.

Zucker (1988) contends that institutions have an entropic tendency. To perpetuate institutions, actors need to minimize the resistance from opposing groups, obtain support from cultural elements (Tolbert & Zucker, 1996). Giddens (1984) also highlights the necessity to monitor actors' activities to ensure the persistence of rules, norm, and beliefs, without which institutions would decay into cultural artefacts.

Previous studies have also suggested some maintenance mechanisms rooted in internal attributes of individuals and organizations. Simon (1997) proposes that individuals are motivated to carry out and complete activities innately, which is an impetus for people to follow the guidance of institutional prescription and complete their designated work. Organizations also have inertia and are reluctant to change because of sunk cost and the perceived risks of change that may break the existing balance of vested interests (Scott, 2014). In the same vein, Douglas (1966) posits that actors have the inborn propensity to develop a shared cognitive framework to communicate that forms a stable world with permanence. It acts as a central mechanism that ensures the reproduction of institutions (Douglas, 1966). These studies have highlighted that actors, including both individuals and organizations, have an automatic tendency of staying stable, completing activities based on institutional scripts, and avoiding change. These characteristics contribute to the stability of institutions.

Besides, socialization can be another key contributor to institutional maintenance. Goffman (1959) argues that to reaffirm the 'self' in the relationships with others, actors in a social world have an innate need to follow and reproduce the local orders. Trice and Beyer (1993) also point out that socialization process enables actors to internalize expectations from others and to learn what behaviors are considered as appropriate in different environments. Berger and Luckmann (1966) specifically highlight the integral role of power. They contend that to protect their advantageous positions, powerful actors are motivated to maintain the current institutional system. Dominant actors also have better access to resources and skills to exert authority and avoid alternative social orders that might threaten their positions (Berger and Luckmann, 1966).

Taken together, this body of work sheds light on the ways in which institutions are reproduced. However, these studies only loosely discuss these mechanisms and do not come together that can offer a clear direction for researchers to continue the discussion and accumulate knowledge.

2.4.2 Institutional maintenance: Institutional work perspective

Institutional work perspective provides an arena to facilitate the theory development of institutional maintenance. As noted, institutional work perspective especially highlights the role of embedded agency and the micro-processes that contain day-to-day practices that reproduce institutions. Such focus on micro-processes would allow us to further specify the efforts and mechanisms of maintenance (Gray, Purdy & Ansari, 2015).

Synthesizing previous empirical studies in the top management journals, Lawrence and Suddaby (2006) have identified two sets of institutional work that aim at maintaining

institutions. The first set includes enabling, policing and deterring work, which are used to reinforce the rule systems and ensure the adherence to institutional orders. Enabling work aims at introducing certainty and creating rules that can be enforced. Policing work aims at creating regulatory bodies that can enforce rules and laws. Deterring work aims at creating barriers to prevent institutional change.

The underlying mechanisms of this type of maintenance are rewards and sanctions that act as coercive means to achieve social control. These forms of work leverage and are embedded in the power system and built on the coercive foundations of society. They align with the idea proposed by Berger and Luckmann (1966) that dominant actors are able to impose their preferred symbolic system into other actors and gather resources and skills to reinforce it. Such enforcement is the most straightforward way to ensure compliance thus facilitates institutional maintenance.

Another set of institutional work theorized by Lawrence and Suddaby (2006) highlights the forms of work targeting the cognitive and cultural aspects of institutions. These norms and beliefs provide the backdrop for these disciplined behaviors that individuals can internalize them and make sense of them. It can be achieved through valorizing and demonizing, mythologizing, embedding and routinizing. Valorizing and demonstrating work use public illustration to set up the social expectations, which underpin the moral status of the participants in a field. Mythologizing aims at explaining why the current institutions make sense through, for instance, history and stories related to the institutions. Embedding and routinizing work leverage training, educating and hiring processes in order to immerse participants into the institutions and embedded them into the day-to-day practices in organizations. Compared to direct enforcement, this set of institutional work pays more attention to indirect ways of influencing behaviors through social and cultural routes. These

elements help actors understand their roles and relationships with each other and make sense of their daily activities (Barley & Tolbert, 1997).

2.4.3 Two processes of institutional maintenance

For all types of institutional field, institutional maintenance is an ongoing process rather than a temporal one. Since institutions have an entropic tendency, even without obvious conflicts or threats, actors need to work on institutions and ensure the enactment of them.

Institutional maintenance can be made prominent for actors mainly for three reasons. First, the evolution of a field and the change of institutional factors such as technology may threat the stability of institutions. To protect their positions, dominant actors in a field actively conduct maintenance work to preserve the current institutional order. Second, institutional inhabitants need to socialize newcomers in the institutional order to ensure that they can perform their roles and establish appropriate relationships with other actors. Third, institutional inhabitants need to deal with breakdowns (Lawrence, 2008). Both socializing newcomers and coping with breakdowns can happen on a daily basis. Maintenance work is usually conducted by powerful actors who can leverage formal governance mechanisms to regulate behaviors, cope with breaches and create the education program to train newcomers. It can also be conducted by custodians whose job is designated to ensure actors' enactment of institutions. Current studies have shed significant light on both types of institutional maintenance, which I elaborate on respectively in the following.

First, facing the threats of institutional change, incumbents, especially powerful actors, conduct institutional work to resist change. For example, Currie et al (2012) illustrate how elite professionals utilize their resources to protect and even enhance their positions and preserve the current institutional arrangement by making sure the practices are delegated instead of substituted (Currie et al., 2012). When overt resistance to disruptive innovation is

not a valid option, Zietsma et al. (Forthcoming) demonstrate how incumbents show the support to the innovation publicly while activating stabilizing mechanisms that block actions geared toward change (Zietsma, Ruebottom & Shantz, Forthcoming). It undermines entrepreneurs' capability to change and ultimately leads to the unobtrusive maintenance. In the setting of Italian legal professions, Micelotta and Washington (2013) propose the repair work as a response to change by reversing the disruption and re-establishing the status quo (Micelotta & Washington, 2013). This body of literature explores how incumbents protect the current institutional order from a direct threat of institutional change.

Second, maintenance work also includes the efforts to ensure the enactment of institutions on a daily basis. Dacin et al. (2010) illustrate how organizational rituals socialize participants into particular norms and values, educate them the expected behaviors and equip them with skills and knowledge that allow them to carry the institutions beyond the confines of their original context. Lok and de Rond (2013) specifically focus on how institutional inhabitants deal with breakdowns that happen on a daily basis. They contend that the forms of institutional work conducted to deal with breakdowns are contingent on the nature and history of practice breakdowns (Lok & de Rond, 2013). Recently, Siebert et al. (2017) propose that organizational space also plays a role in institutional maintenance through spatial mechanisms including emplacement, enactment and enchantment. By focusing on enchantment, this study highlights how people's experience of space may stabilize institutions through emotional and aesthetic mechanisms (Siebert et al., 2017). The maintenance process from this body of literature highlights the role of strong mechanisms that induce actors to behave as expected and ensure the enactment of institutional prescriptions.

Recently, some studies also have started to explore the role of emotion in institutional maintenance. For example, Creed, Hudson, Okhuysen and Smith-Crowe (2014) argue that

people enact institutions by regulating themselves to follow the guidelines because they would like to avoid feeling shame. The underlying motivation to perform as expected is to preserve the social bonds and the community membership (Creed et al., 2014). In other words, people value their social bonds and how other people think about them. They tend to meet the expectations and avoid deviances. Another emotion that has been discussed is fear, which acts as a mechanism to drive conformity by reducing actors' willingness to change (Gill & Burrow, 2018). The attention to emotions adds nuances on the highly cognition-focused institutional process explanation. Rather than only focusing on how different forms of institutional work are conducted, the discussion on emotion brings more attention to how the target of institutional work responds to the efforts.

2.5 Summary

Despite the increasing discussion of institutional maintenance, it has been held back by the assumption that institutional maintenance only happens in the fields within legal boundaries. In formal institutional fields, the insights generated about institutional maintenance overly rely on the formal mechanisms such as laws and rules or other forms of powerful mechanisms such as socialization in a public space that elicits the shame avoidance. In shadow institutional fields where these mechanisms are missing, how do actors maintain institutions? Thus, moving our attention to the shadow side of society has a potential to enrich the theory of institutional maintenance.

3. RESEARCH FOCUS: MAINTENANCE OF A SHADOW INSTITUTIONAL FIELD

In this chapter, by leveraging and integrating institutional theory as well as other management literature that explores organizing process outside legal boundaries, I conceptualize the construct of shadow institutional field. I argue that shadow institutional field represents a distinctive type of institutional field that is worth our attention and has the potential to offer novel insights to institutional theory.

3.1 Shadow institutional field

In the current discussion of institutional field, it is striking that fields operating outside legal boundaries have been missing. In the tent of institutional theory, only one paper mentions a concept, named shadow institutional framework, that tries to capture the organizing process in an illegal setting. This paper defines shadow institutional framework as 'a codified yet informal set of norms and procedures' and uses it to explores an emerging private school sector in India (Srivastava, 2008: 452). However, this paper does not focus on the development of the construct and fails to demonstrate how this construct connects with and contributes to the established conversation of institution theory.

3.1.1 Organizing activities outside legal boundaries

Activities conducted in illegal contexts have received limited attention in general management and organization theory literature. However, it does not mean that they have been ignored altogether.

Leeson (2007)' explores management in pirate organizations. The paper highlights that unlike the common impression that pirates are raucousness and chaotic, they carry out activities in a sophisticated and organized way. Leeson (2007) labels pirate activities as a form of organized crime, which is defined as "any long-term arrangement between multiple criminals that requires coordination and involves agreements that, owing to their illicit status, cannot be enforced by the state" (Leeson, 2007: 1052). This definition emphasizes that actors embedded in an illegal setting cannot rely on formal governance mechanisms to enforce or support the cooperative arrangements. Later on, Leeson and Rogers (2012) suggest violence as one possible mechanism to govern coordination in illegal contexts. In other words, institutions are defended by violence in a literal sense. Violence enforces actors' commitment to the institutions through posing physical risks.

Stohl and Stohl (2011) propose the concept of clandestine organization and highlight the necessity for these organizations to remain secret and conceal. Specifically, these activities should be hidden from outsiders (Stohl & Stohl, 2017). The exposure of these organizations to certain outsiders such as governments who have the power and intention to disrupt its operation would endanger these organizations indeed. However, for some clandestine organizations, even including terrorism groups, they need to purposefully expose part of their activities to certain groups of audience for the purposes of, for example, promoting ideologies and recruiting new members.

As for collective misconducts of legal firms such as forming cartels, scholars also highlight that because of the illegal nature of these activities, the arrangement among these parties cannot be enforced in court. The lack of a clear power system also requires actors to develop a self-regulated governance structure (Bertrand & Lumineau, 2016). In addition, these firms need to conceal their conspiracy collectively from the antitrust authorities to ensure the continuity of their coordinated misconducts.

Other studies exploring illegal activities do not tap into the discussion of internal efforts to organize these activities. For example, Gambetta (1996) focuses on the protection that mafia provides to local residents. Levitt and Venkatesh (2000) explore gang economics by focusing on financial activities conducted by a drug-selling street gang. Literature on informal economy (i.e., economic activities that are conducted outside the formal institutional boundaries but within the informal institutional boundaries) has been used to explore questions related to entrepreneur opportunities but has been silent on how actors in informal economy coordinate and reach an agreement (Webb, Bruton, Tihanyi & Ireland, 2013; Webb, Ketchen & Ireland, 2010).

These studies have highlighted some features that inform the theorizing of shadow institutional field, which I elaborate on in details in the next section.

3.1.2 Conceptualizing shadow institutional field

In this thesis, I propose the concept of shadow institutional field as a theoretical lens to explore and understand organizing process in illegal contexts. In Merriam-Webster dictionary, 'shadow' is defined as "partial darkness or obscurity within a part of space from which rays from a source of light are cut off by an interposed opaque body" (Merriam-Webster, 2018). It aligns with my intention to underscore the efforts of actors to conduct activities while hide them from detections from authorities and public attention from society.

Broadly, a shadow institutional field refers to the field that operates outside legal boundaries that constitutes a recognized part of society. Shadow institutional field is not a completely new construct but a type of institutional field that has not been thoroughly examined. Compared to the previous discussion of organizing process outside legal boundaries, the lens of institutional field allows me to focus on a more specific and relevant

feature of these organized illegal activities: the persistence and longevity. Actors involved in the organizing process in an illegal context need to deal with the pressure from governments and also have limited access to resources, including laws and rules to facilitate the internal field governance.

Theorizing these institutionalized illegal activities as shadow institutional fields provides a bridge that I can borrow tools and insights from institutional theory to understand them. The lens of institutional field brings the attention to how actors work with each other in the field and enables us to recognize their efforts to multiple dimensions such as meanings, norms, boundaries, and governance mechanisms. It also accommodates key issues to discuss such as how actors collaborate with each other without the support from formal institutions, how actors solve conflicts and disagreements, and how institutions are passed on to newcomers. Thus, exploring illegal activities through the lens of institutional field encourages and facilitates a more comprehensive understanding of these phenomena.

I define shadow institutional field as having two necessary characteristics. First, the activities conducted in this field need to be hidden from authorities and other relevant stakeholders who have the intention and power to curtail them and even imprison the internal actors. Second, actors coordinate in illegal contexts cannot rely on traditional top-down management structure nor the formal governance mechanisms to enforce certain arrangement and deal with conflicts (Leeson, 2007). Of course, as a type of institutional field, shadow institutional field should be constituted by actors who are in the relationships with each other and share common meanings and interests within certain boundaries (Zietsma et al., 2017).

Shadow institutional fields vary depending on the degree of their harm to society. To be specific, it varies in terms of the numbers of groups that consider these fields as appropriate and acceptable. Legitimacy can be broadly understood as whether “it is the right thing to do”

(Suchman, 1995: 579). It is a stakeholder-specific concept that activities can be deemed to be legitimate to certain groups while illegitimate to others (Hampel & Tracey, 2018). The more numbers of groups that see a shadow institutional field as harmful, the more likely the field is under more legal pressure and requires more efforts or even radical ways to preserve its safety and sustainability.

The difference in harm has a complicated impact on institutional processes as it directs different degrees of pressure and constraints on actors within shadow institutional fields. For example, for terrorist groups, as their activities have severally harm to the physical and mental health of human, the pressure from governments is enormous for actors within these groups. A little exposure to governments might sabotage the field altogether. In this circumstance, actors use more direct approach to ensure absolute compliance and smooth coordination such as violence to keep the field running under the radar. For the fields that do not have such severe harm to society and are legitimate to some audiences (e.g., illicit wood trade and fur; music/software piracy), actors may have more options to maintain the field while keeping themselves undetectable. Thus, for shadow institutional fields, not only should we examine the purpose of these fields, but also pay attention to the degree of harm that shapes institutional processes.

3.2 Research interest: Maintenance of a shadow institutional Field

The characteristics of shadow institutional fields make institutional maintenance especially intriguing as shadow institutional fields have a more prominent entropic tendency, considering the intention and actions from authorities to curtail them. The illegality also constraints actors' capabilities to conduct maintenance work that they cannot relies on rules,

laws or socialization pressure in a public sphere as suggested by previous literature. Thus, the features of shadow institutional fields post distinctive challenges to institutional maintenance.

To be specific, first, to survive, shadow institutional fields have to operate under the radar and hide from authorities. Rather than leveraging laws and regulations to enforce compliance and maintain institutional stability, integrating laws and regulations in a shadow institutional field would destroy the field directly. The legal pressure also shapes the institutional order and limits the availability of institutional elements that can be used to bind the actors together and ensure the institutional stability. As a result, the most common maintenance mechanisms are absent from these fields.

Second, the lack of publicity also causes the ambiguity regarding who to coordinate, how to interact, what to expect and how to resolve the conflicts. In formal institutional fields, such ambiguity might exist in the emerging fields that have not established a systematic institutional system (Maguire et al., 2004). In shadow institutional fields, such ambiguities create direct challenges to institutional maintenance. For example, how do actors involve newcomers into the field? How do actors find the right partners to interact? What are the right expectations for others? The features of shadow institutional field trigger distinctive set of challenges to maintain the institutional order.

3.3 Summary

Unveiling the maintenance process of shadow institutional fields would have great utility in helping us understand why and how these fields sustain. To address this research question, I use the lens of institutional work, which focuses on how actors impact institutions. It allows me to explore that when actors are constrained by rules and laws, how they work together to reproduce institutional orders that sustains shadow institutional fields.

4. METHODOLOGY: PARADIGM AND PROCESSES

To address the research question, I conducted a qualitative case study and employed the grounded theory strategy to collect and analyze data. As shadow institutional fields have not been thoroughly examined, it is necessary to develop a good understanding of the local grounding and gain interpretation from actors embedded in the field (Lee, 1999). This chapter aims to explain the rationale of the qualitative case study method and justify why this method is appropriate to address the research question. Then I describe how these principles guide the actual data collection and data analysis processes.

4.1 Research paradigm: Qualitative case study and its philosophical foundations

Briefly speaking, social scientists use qualitative and quantitative research methods to collect and analyze data. Each method has multiple research approaches. These approaches rest on different philosophical paradigms that have unique sets of assumptions related to epistemology, ontology and axiology. These assumptions serve as criteria for researchers to evaluate and choose the most appropriate approach to address their research questions.

Quantitative research methods are often associated with positivism. Positivists aim at discovering the general laws of causation. They believe that the objective truth of the social world exists and is independent of people's perceptions. Under this assumption, the social world can be studied scientifically by exploring associations among variables using a systematic approach (Cassell & Symon, 1994). Researchers should remain detached from their research context (Cassell & Symon, 1994). Most positivists leverage existing theories to address their research question and deduct hypotheses. They use structured ways to collect data such as survey and experiment. Precise measurement using numerical data is possible and desirable. A theory is considered to be true when it cannot be disproved or falsified.

From the 1970s, social scientists have started to adopt interpretative approaches (Cassell & Symon, 1994). For interpretivists, social reality is socially constructed rather than existing independently of people's perceptions. Because of it, interpretivists believe that multiple realities exist depending on the interpretations rather than an objective and single reality. Interpretivists understand the social world by exploring how the people embedded in a context interpret their experience and actions.

However, it is not to say that researchers' objective is to represent and speak for informants. Instead, social scientists aim for understanding how informants make sense of their daily activities and their environment. Researchers' understanding and interpretation about the phenomenon also impact how data is collected and analyzed. Researchers belong to the phenomenon that they are studying. Thus, qualitative approaches are preferred for taking the interpretive view as they allow researchers to be deeply immersed in the context and understand informants. By exploring informants' experience and perceptions, researchers interpret and theorize the data in a way that can be situated in a theoretical conversation and advance the theory of choice.

To gain a holistic grasp of the context and engage with it deeply, qualitative research usually relies on a small number of informants or organizations rather than using large samples. In terms of data, qualitative research methods mainly use textual data such as archival data, field notes, interviews, media reports, and so on. These data are rich enough that allow researchers to capture meanings that informants scribe on behaviors (Corbin & Strauss, 2014; Lee, 1999). Compared with quantitative research methods, qualitative research methods put the spotlight on the description, interpretation and explanation. They are often used to study relatively unexplored phenomenon (Lee, 1999).

In terms of data analysis, instead of using quantitative statistical techniques to test the relationship among variables, interpretative approaches mostly rely on qualitative methods and techniques to interpret the data. Researchers are instruments in this process. By deeply engaging with the data, researchers make sense of the data, moving from rich, empirical text to a set of concepts and relationships that offer theoretical insights based on the data. These variables and their relationships reflect the researcher's focus of attention in the world (Corbin & Strauss, 2014; Lee, 1999). Studies using qualitative research methods occur in natural settings, rather than manipulated environment such as experiment. As a result, the findings are sensitive to context and process (Lee, 1999). Through distilling the empirical data into theoretical terms, the aim is to develop a parsimonious theoretical model to explain the phenomenon. This is often depicted as the act of sensemaking. The theoretical explanation should be transferable to other contexts.

In this research, I adopt the interpretive view. With the assumption that the social world is socially constructed rather than objectively existed, I believe people who are embedded in the local context are "knowledgeable agents," who can explain their intentions, behaviors, beliefs and experience (Gioia, Corley & Hamilton, 2013). During data collection process, I give voice to the respondents to express their experience and perceptions. My role is to discover the best pattern that fits the data and develop theoretical insights from it (Gioia et al., 2013).

4.2 Research strategy and methods: Grounded theory building from case study data

4.2.1 Grounded theory strategy

To build the theory of how a shadow institutional field is maintained, I adopt the grounded theory strategy. Grounded theory strategy was developed in the 1960s by Barney Glaser and Anselm Strauss in *Discovery* (Glaser & Strauss, 1967). Grounded theory strategy is well suited to address my research question as the current literature does not offer sufficient explanation to it (O'Reilly, Paper & Marx, 2012). The aim of grounded theory is to build theory from data in a systematic approach. This logic requires researchers to keep an open mind to emerging insights from data and be flexible about research directions. It involves an iterative process of moving back and forth among the data, the relevant theories and the emerging themes and patterns (Corbin & Strauss, 2014).

Grounded theory strategy guides researchers to use theoretical sampling strategy. In other words, researchers deliberately decide who to interview and what data to collect along the way. It helps researchers to collect sufficient data to support the emerged theory and explain the focal phenomena. The process of data collection is highly impacted and controlled by the emerging theory (Glaser & Strauss, 1967). In other words, researchers are guided by the existing data and analytical thinking to make decisions about what to collect next. This sampling strategy is built on the belief that theoretical ideas emerge through the data collection process. It also encourages researchers to come up with new interview questions in order to grasp the meanings of key events that explain the focal phenomena. The iterative processes of data collection and analysis give researchers the confidence in the theory that is developed and formed from data. In other words, the emerged theory can represent the phenomenon accurately.

Another staple feature of grounded theory is consistent comparison method. It guides researchers to code and analyze data in tandem (Glaser & Strauss, 1967). It is a process of comparing a new incident against existing incidents. If they are conceptually the same, they could be grouped together under the same theoretical category. Researchers also constantly modify the theoretical categories to ensure that they make sense in the context. They also fine tune the theoretical focus and modify the research question during this process (Glaser & Strauss, 1967). In nature, consistent comparison method is a process to reduce data into meaningful concepts and sharpen the concept's dimensions and properties (Corbin & Strauss, 2014).

The data collection process ends when category saturation is reached and the emerging theoretical framework can answer the research question. Category saturation is achieved "when subsequent data incidents that are examined provide no new information, either in terms of refining the category or of its properties, or of its relationship to other categories" (Locke, 2001: 53). For instance, after distilling some codes into a theoretical category, if the subsequent incidents continue to add to the category with new attributes, categories are not saturated, and researchers need to continue to collect data. If subsequent incidents do not add any new attributes to a category, saturation is reached.

4.2.2 Data collection methods

As noted, to address the research question, I conducted a qualitative case study, as it suits the theory-building and exploratory nature of this research (e.g., Corbin & Strauss, 2014; Lee, 1999; Yin, 2013). The counterfeit luxury industry in Guangzhou, China, was chosen as the context for the study, as it is arguably one of the largest sites of counterfeit business. Running a counterfeit business is not only risky, but also demanding, as actors have

to deal with challenges constantly such as marketing their goods in a covert fashion, making business arrangements without the protection of regulations, and enforcing agreements not enforceable by contract law.

As data collection, data analysis and writing are inseparable when using the grounded theory strategy in qualitative research, the processes were iterative. For the purpose of clarity, I present the process in a linear way but try to be as specific as possible to stay true to the process. I adopted Gioia method and its related techniques such as data structure. Gioia method allows me to demonstrate how I progress from raw data to theoretical themes in order to increase the rigor in this qualitative case study (Pratt, 2008).

The initial aim of this project was to explore the emergence of a shadow institutional field. However, as the counterfeit industry has emerged since the 1990s and no systematic document is available to trace the evolutionary process. Thus, I turned to the question of maintenance of a shadow institutional field, which is happening on the daily basis in this setting. While keeping an open mind, my objective was to explore how the counterfeit industry is able to sustain and build the theory to address this question (Corbin & Strauss, 2014).

To collect data, I was based in Guangzhou, China, for six months in order to be fully immersed in the counterfeit business hub and gain a systematic and contextualized understanding of the industry and the daily activities these actors conduct. It allowed me to build up theory from the ground, from actors' daily activities (Corbin & Strauss, 2014). During that period, I collected most of the data and had access to local underground markets and stores, which helped me develop a deeper and comprehensive understanding of this industry. In the initial stages of the data collection process, I spent most of the time visiting and observing counterfeit selling activities, as well as several underground markets, taking

notes about the communication between distributors and customers, and among distributors themselves. The content on the online counterfeit discussion boards and forums was also collected and analyzed.

This process allowed me to develop a basic understanding of this industry, which laid the foundation and offered some guidance for the follow-up data collection. For example, I quickly realized that it was important to be familiar with the language used by counterfeiters, which sometimes was rather unique. At that point, I also decided to focus primarily on the business of counterfeit luxury watches and fashion goods that are sold without deception, i.e., where both the sellers and buyers know that the items being sold are not genuine branded items. Distributors often sell fashion products and watches together. Customers buying such items generally maintain an open mind towards these products, rather than products that might entail some significant physical risk, such as counterfeit cosmetics and pharmaceutical products. These also mean that both counterfeiters and customers are more open about disclosing sensitive information to researchers.

This study mainly relied on three primary data sources: interviews, field diary and media and secondary literature.

Formal Interviews. I used semi-structured interview as this technique not only ensures the relevance of the interview but also opens up opportunities to discover new insights emerged from the site that my interview questions may not be able to cover. Semi-structured interview is a formal data collection technique of grounded theory that aim to obtain "retrospective and real-time accounts by those people experiencing the phenomenon of theoretical interest" (Gioia et al., 2013, 19). Semi-structured interview starts with similar but open-ended, broad questions to each respondent (Woodside, 2010). It assumes interviewees

as knowledgeable agents that can demonstrate what is happening in their world. Interviewers often ask for more elaborations based on interviewees' responses.

In the beginning, the data collection effort focused on a small number of counterfeit distributors and customers. A convenient sampling approach was used, which ensured that interviewees were approachable and were willing to provide detailed information. Subsequently, I employed a snowball sampling approach and asked interviewees to introduce me to other actors within the industry who could best explicate the activities of interest. Most of the interviewees were distributors of counterfeit products, who were comfortable talking about their business. Whilst initially the high level of trust exhibited by these interviewees came as a surprise, it quickly became apparent that distributors were under comparatively less pressure than other actors within the industry. In addition, almost all the interviewees had direct or indirect personal relationship with me or my acquaintances. They trusted me as a researcher who was interested in their business rather than judging their behaviors. These personal ties also ensured that they were comfortable to share their experience with me honestly.

The distributors I interviewed had been active in the business for a period of between two to ten years, and some of them had developed a solid relationship with counterfeit factories. Thus, they were also able to provide valuable insights into the manufacturing process. In total, I conducted 60 formal semi-structured interviews including distributors (30 interviews), customers (20 interviews), factory owners (2 interviews), field experts (3 interviews), representatives from relevant digital platforms (2 interviews), a lawyer specialized in Intellectual Property (1 interview), and managers from genuine brands who have significant experience with anti-counterfeit initiatives (2 interviews). The interviews lasted between forty minutes and one hour and a half and were digitally recorded and transcribed verbatim.

In the initial phase of the data collection, the main objectives for the interviews were to generate contextual information including how the industry works, the key actors involved in the business and their activities. For distributors, I asked about their daily activities, business challenges, their interaction with their suppliers and their interpretation of the business. For customers, I asked about their purchase experience, their attitudes towards counterfeit products, and their interactions with counterfeit distributors. Interviewees were also given the freedom to share and discuss interesting stories that came to their minds during our conversations. The questions were broadly framed such as "How would you describe your daily activities that are relevant to the business" and "how about your relationships with suppliers" in order to generate as many details as possible. Subsequent interviews became more structured as I gradually narrowed down the research interest of maintenance work that actors conduct on the daily basis. I asked more specific questions such as "what content you often share with your customers on your social media platform" and "how do you convince customers to buy." These questions allowed me to obtain more details regarding the research interest.

During the interview, questions were carefully framed to avoid words with negative connotations that might make interviewees uncomfortable. For example, I used 'business' more often than 'counterfeit business' in the interview. As the interview proceeded and interviewees became more open and comfortable talking with me, I then moved to comparatively more sensitive questions, such as the challenges of running a counterfeit business and so on.

Field Diary. A field diary was kept for all informal conversations I have with counterfeiters, counterfeiters' and consumers' online activities, and observations in counterfeit retail stores and wholesale markets where counterfeiters operate their business. All observations and informal interactions with counterfeiters were carefully documented as

soon as possible and later digitally recorded. The market visits offered me unlimited opportunities to observe the interaction between buyers and sellers, and their daily activities. These buyers are both end consumers and, predominantly, counterfeit distributors.

Another significant part of the field diary came from content on the digital platforms because many communications between customers and distributors happen online. Besides visiting the major internet forums and websites dedicated to counterfeit luxury brands, I collected data on interactions between customers and counterfeit distributors on social media platforms directly. I followed a large number of counterfeit retail accounts (including the ones operated by my interviewees) on Chinese digital platforms, especially WeChat, which has been adopted as the main business platform by every distributor I interviewed. I continued to follow these accounts for one year after the end of the formal data collection, to maintain my connections with interviewees and confirm the validity of my insights.

Media and Secondary Literature. I also consulted some secondary data sources, including Chinese academic papers, and articles in main magazines and newspapers in China. They served as supplementary sources for understanding the empirical context, such as Guangzhou's economic development and laws relevant to the counterfeit business, and for cross-checking the information from interviews and observations.

4.2.3 Data analysis procedures

Given the limited understanding of shadow institutional field and actors' efforts to sustain it, I relied on established procedures of inductive qualitative data analysis, especially grounded theory strategy to analyze the data (Corbin & Strauss, 2014; Corley & Gioia, 2004; Lincoln & Guba, 1985). Specifically, I analyzed the data as I collected it, employing naturalistic inquiry and constant comparison techniques (Glaser & Strauss, 2009; Lincoln &

Guba, 1985). The iterative process of collecting, coding and analyzing data helped me make sense of the data and build up a theoretical framework. In this process, I held an open mind to any emerging insights and allowed new ideas generated from the data to guide the follow-up data collection and data analysis. I also refined the research question during this process and stopped collecting data when no new patterns pertaining to the research question surfaced.

The data analysis process I undertook occurred in two main phases: the first was devoted to mapping and visualizing the counterfeit production and distribution process; the second was focused on developing a group of codes, themes, concepts and the relationships among them.

First, given the limited understanding of how counterfeit industry works, I visualized counterfeit production and distribution process. This phase started from the beginning of the data collection process. The most important objective in this phase was to develop a holistic and solid understanding of the operation of counterfeit luxury industry and its operating context. In this phase, I mainly relied on data from initial interviews, observations online and offline, and printed media to build up accounts for different actors in order to understand their roles and responsibilities, how they interact with each other and make the industry work as a whole. As a result, I developed a list of key actors and their main activities.

Then I divided the data into four subsets: (1) general background information on the digital platforms that are adopted by counterfeiters, legal issues related to counterfeit activities and also business environment in Guangzhou, especially its manufacture development in recent years; (2) how producers or organizers run their business and connect with distributors; (3) how distributors run their business and connect with their suppliers and customers; (4) customers' attitudes about counterfeit products and their purchase experience. The first subset data helped me understand the general context in which the counterfeit

business developed. The rest of the subsets helped me develop a more granular understanding of the field, by looking at the main roles and activities, interaction patterns, and how the main actors interpret and work around the legal issues.

Based on this information, I visualized the process of how counterfeit industry works by drawing a map and bringing all activities together. I paid special attention to the data that pointed to the differences vis-à-vis formal, legitimate business activities. For example, online counterfeit distributors typically required customers to pay for items first, without any written guarantee or invoice. I matched this practice with consumers' responses to it in order to understand the patterns of coordination from both sides.

As I conducted this step of analysis when I was collecting the data, I rechecked the interview questions and added more relevant questions in the follow-up interviews, whenever particular details in the data were unclear. Through this process, I ensured that I incorporated all different views and information emerging from the data, enabling me to develop a full understanding of the industry.

In this process, I found that the efforts by distributors to manage the business with both suppliers and customers were particularly intriguing. With the objective to achieve exchange, distributors had to develop the capability to accomplish transactions with customers in order to keep the field survive. However, as the industry is illegal and of opacity, customers expressed several concerns about the norms and practices of this industry during their interactions, because their interests were not protected. These were also the issues that distributors underscored as key challenges in their daily activities. These insights guided my follow-up data collection and analysis, which focused on distributors' interactions with customers and suppliers.

Second, I employed constant comparison technique to develop codes, themes, concepts and the grounded model. Once I refined the research interest, I entered the second phase of the analysis. In this stage, I focused in particular on the data from interviews and observations on digital platforms. I collected and coded data to answer the question of how counterfeit distributors coordinate with customers and suppliers in order to make the exchange happen and reproduce the institutional order.

Through open coding, I developed the first-order categories by looking for similarities and differences among interview and observation data inductively. I used simple descriptive phrases to name the codes. Data collection and coding continued until no new actions pertaining to the research question emerged. I collapsed codes and developed 21 first-order categories.

Then, I looked for relationships among first-order categories using axial coding. Based on the preliminary insights inferred from the previous steps, I aggregated a list of second-order themes using both inductive and deductive thinking (Gioia et al., 2013). In particular, I found that the institutional work literature was a good fit that helped make sense of the data, so I assimilated ideas and concepts from that body of work and considered the data in tandem with various types of work (Gioia et al., 2013). For example, the first-order codes "establish a new set of vocabularies to communicate," "provide the experience of purchasing genuine luxury products," and "attack the morality of genuine brands" were included in a second-order theme that I termed "deflect attention from the stains." This construct captures counterfeiters' efforts to reconstruct customers' understanding of the counterfeit product by eliminating the typical negative connotations associated with counterfeit products.

In this recursive process, I cycled iteratively among the data, the literature, and the emerging patterns. The axial coding resulted in a list of second-order themes including (1)

highly fragmented structure, (2) uncertainties and risks, (3) rationalize the institutional order, (4) deflect attention from the stains, (5) safeguard the exchange, (6) cultivate friendship, (7) allocate blame, (8) restabilize the coordination, (9) withdraw from exchange, and (10) enlighten newcomers.

Furthermore, I aggregated similar themes into the overarching theoretical dimensions. I repeatedly examined the relationship between first-order categories and second-order themes, to refine and develop a parsimonious theoretical model. The key features of the counterfeit luxury industry and four forms of institutional work emerged from this process: (1) unique institutional order, (2) build confidence, (3) establish a safe space, (4) shield the space and (5) demarcate the boundaries.

At the same time as I identified these themes and theoretical dimensions, I used temporal bracketing technique to separate this case into distinct phases. To be specific, I explored how key activities in one period impact the next period. I used the second themes to build provisional models and kept refining them by iterating between data and literature until a model is finalized that can fit the data the best.

As I mentioned above, category saturation is the signal for a robust framework. It refers to the completeness of the data categories, which means that other data points offer no new theoretical insights or new data that can answer the research question. Except for my own data analysis, I assessed category saturation in two more ways. First, I asked two collogues in organization theory to review the categories and data separately and discussed the most important insights from the data. Second, I also conducted “member checking” (Nag, Corley & Gioia, 2007) with a sample of distributors and customers by sharing the analysis and the key insights. I asked if the interpretations were relevant and valid.

Furthermore, I also selected a list of criteria from grounded theory to evaluate the trustworthiness of the findings (see Table 3). I followed the techniques recommended by Lincoln and Guba (1985). These criteria are developed concerning the different assumptions behind the qualitative case study research and quantitative research (e.g., reality is single and tangible vs. reality is multiple and intangible; probability sampling vs. theoretical sampling; stable and replicable results vs. emergent design of qualitative case study).

TABLE 3

Analysis of research trustworthiness[3]

Trustworthiness criteria (Corbin and Strauss 2008; Glaser and Strauss 1967; Strauss and Corbin 1998)	Method of addressing trustworthiness in this study
Credibility • Whether the emerging model accurately represents the data	• I built good rapport with informants and checked with them about the interpretation regularly during the analysis phase to ensure the data were well understood. • Data collection and analysis were discussed with other scholars who are experts in qualitative research methods. • Result: informants could understand and be related to the interpretation of the data.
Transferability • Whether the findings from this study can explain other similar phenomenon, completely or partially	• This model can be applied to explain the maintenance of other types of shadow institutional field such as illicit wood trade (see implication section).
Dependability • Whether the findings are reliable and consistent	• Theoretical insights were generated by consistent comparison between the existing data and the new incidents until no new insights emerged. • Result: findings are reliable and consistent.
Confirmability • Whether the interpretations are driven by data as opposed to research biases	• Meticulous data management including recording interviews, verbatim transcription of interviews, clear notes on decisions made during data collection and analysis process. • Result: interpretation is driven by informants.
Integrity • Whether the interpretations are impacted by inaccurate information	• Interviews were conducted in a safe environment. Informants have consented to talk based on their interest and keep anonymous. • Approaching informants through their acquaintances that they trusted the researcher. • Results: no evidence shows that informants purposefully lead discussion

[3] This table is adopted from Gill-Simmen, L., MacInnis, D.J., Eisingerich, A.B. & Park, C.W. 2018. Brand-self connections and brand prominence as drivers of employee brand attachment.

	to other directions or provide untruthful information.
Understanding • Whether informants buy into the findings.	• Rechecking the findings with informants and asking whether the findings have accurately depicted their understanding of the industry and their daily activities in their words. • Result: informants agree with the findings and can see themselves in it.

The final data structure is illustrated in Figure 1. Additional supporting evidence is shown in Table 4.

FIGURE 1: Data structure

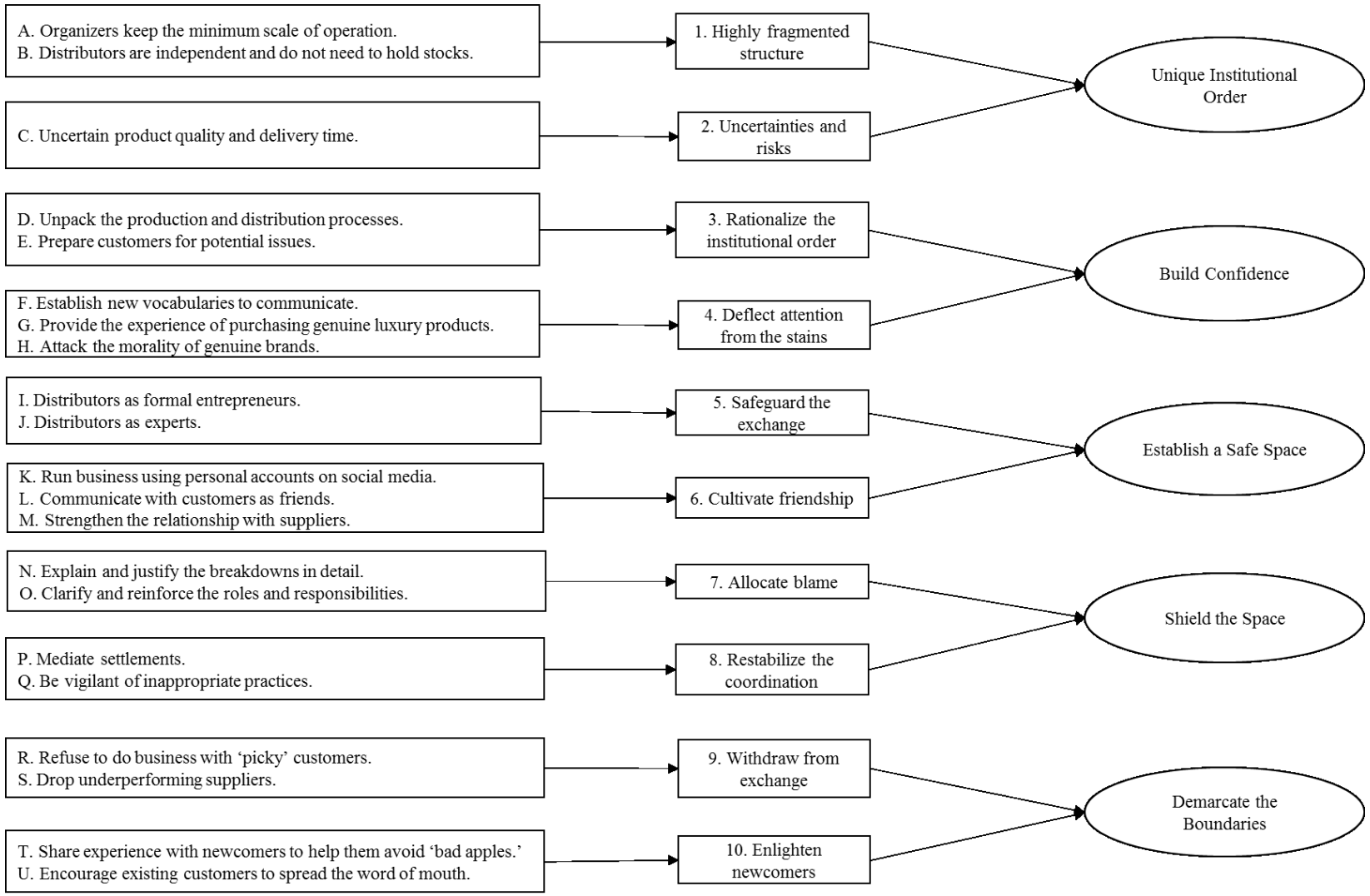


TABLE 4

Maintaining a shadow institutional field: Additional evidence

Second-Order Themes and First-Order Categories	Representative Quotes
Overarching Dimension: Unique institutional order	
1. Highly fragmented structure **A.** ***Organizers keep the minimum scale of operation.***	A1. The biggest mistake you can make is thinking of the factory as a single large building…(Interview with a distributor) A2. Most dealers are small operations, not huge enterprises employing dozens of people. (Interview with a distributor)
B. ***Distributors are independent and do not need to hold stocks.***	B1. My supplier just sends out the product to my customers directly. (Interview with a distributor) B2. Based on the prices and popularity of the shoes, I decide the price to sell to my customers. (Interview with a distributor)
2. Uncertainties and risks **C.** ***Uncertain product quality and delivery time.***	C1. To help me find places where I can buy good replicas…(Interview with a customer) C2. …One batch may be great while the next produces watches that are rubbish. (Interview with a distributor)
3. Rationalize the institutional order **D.** ***Unpack the production and distribution processes.***	D1. I am constantly being asked by members how this and that works within the rep [replica] trade so here is a little insight... (Extract from a forum) D2. …without doing proper research prior to making their [customers] order, this can be a recipe for disaster for the new member and the dealer. (Extract from a forum)
E. ***Prepare customers for potential issues***	E1. It is not an exact science and to expect it to be will only bring disappointment in most cases... (Extract from a forum) E2. … when a watch is announced and is coming in the next 10 days don't be surprised if in 60 days ... (Extract from a forum)

4. Deflect attention from the stains **F.** ***Establish new vocabularies to communicate.***	F1. What do you mean by 'originally ordered products'? In my store, they are the ones I get from the factories that only produce high-quality products. (Interview with a distributor) F2. … The quality is super A, at a reasonable price. It is pretty popular. (Interview with a distributor)
G. ***Provide the experience of purchasing genuine luxury products.***	G1. She [the store owner] does not only have the genuine package but also is able to provide shopping receipts of a shopping mall in Hong Kong and transaction receipts from banks. (Extract from a newspaper article) G2. Counterfeit distributors would let you believe that they have separate department for quality control, sales, customer service, sourcing, payments, and logistics…(Interview from a distributor)
H. ***Attack the morality of genuine brands.***	H1. There are many genuine products with problematic details such as Prada's stitches. (Extract from a distributor's social media account) H2. … Maybe it [the genuine watch] can cost you more than 50 thousand RMB. It can be broken very easily. (Interview with a distributor)
5. Safeguard the exchange **I.** ***Distributors as formal entrepreneurs.***	I1. I don't really care whether it is genuine or counterfeit one... I just tell my customers that they [these products] are counterfeit honestly. (Interview with a distributor) I2. I try my best to satisfy everyone and those who have poor experience in purchasing from me, I can only say sorry but maybe next time I will try to improve it. (Extract from a distributor's social media account)
J. ***Distributors as experts.***	J1. I know how the real products look like so I'm pretty confident that my products are very good. (Interview with a distributor) J2. My friends know me, and they trust me because they know I'm good at fashion. (Interview with a distributor)
6. Cultivate friendship	

K. ***Run business using personal accounts on social media.***	K1. You can see all the sales were playing with their iPhones or iPads…They were on WeChat and sending pictures to others to do online business. (Field Diary) K2. We all start from WeChat and all the business on WeChat starts from friends…(Interview with a distributor)
L. ***Communicate with customers as friends.***	L1. My customers and I always talk about fashion and bag maintenance, just as friends. (Interview with a distributor) L2. After all, we are all friends so we have the foundation to develop the relationships. (Interview with a distributor)
M. ***Strengthen the relationship with suppliers.***	M1. My father-in-law has been doing business in Guangzhou for a long time and he also knows many businessmen. He helped me to get in touch with these people who work in these factories…(Interview with a distributor) M2. My classmate runs the counterfeit business...She introduced everything to me. (Interview with a distributor)
7. Allocate blame **N.** ***Explain and justify the breakdowns in detail.***	N1. These components would undoubtedly vary in quality from shipment to shipment and the assemblers would use substitute parts if the original spec ones are not available…(Extract from a distributor's social media account). N2. …The reason is that the factory cannot send the product out…(Extract from a distributor's social media account).
O. ***Clarify and reinforce the roles and responsibilities.***	O1. We are not responsible for shipper delay as we have no control when the item can be shipped out. (Extract from a distributor's social media account) O2. By the way, I don't make these shoes…We cannot make the magic to give you the shoes whenever you want. (Extract from a distributor's social media account)
8. Restabilize the coordination **P.** ***Mediate settlements.***	P1. Normally if there is no serious quality problem, factories don't do exchange or return. (Interview with a distributor) P2. When they [the supplier and the distributor] know each other long enough, they can trust each other to place huge orders. If there is anything wrong, they would have better consensus about how to handle the exchange or return. (Interview with a distributor)

Q. ***Be vigilant of inappropriate practices.***	Q1. We expect everyone to do their own research…asking 38K members to jump in and identify all the problems they can possibly find is unfair to everyone. (Extract from a forum) Q2. ...please do not panic if your watch has a problem, however unlikely, it happens. This does not mean that the dealer you chose is a crook or a scammer… (Extract from a forum)
9. Withdraw from exchange **R.** ***Refuse to do business with 'picky' customers.***	R1. If you pursue flawless products, you are picky and mean, you may just go to the shopping malls directly. (Extract from a distributor's social media account) R2. If you just try to pick up problems by comparing the length of the wool, you can find God to serve you. (Extract from a distributor's social media account)
S. ***Drop underperforming suppliers.***	S1. There are many factories in Guangzhou, so you can switch suppliers if you are not happy with them. (Interview with a distributor) S2. After engaging in this business for a while, you can find the supplies by yourselves. There are many, many suppliers in Guangzhou. (Interview with a distributor)
10. Enlighten newcomers **T.** ***Share experience with newcomers to help them avoid 'bad apples.'***	T1. …I propose the following 10 common and devious lies and misconceptions about replica watches, and the business of manufacturing and selling replica watches. (Extract from a forum) T2. Saying that replicas are made in Switzerland or Italy is a lie intended to extract more money from the ignorant. (Extract from a forum)
U. ***Encourage existing customers to spread the word of mouth.***	U1. Why were you confident about the quality? Because my friend recommended me that WeChat account, it's the trust between friends. (Interview with a customer) U2. Sometimes I do activities to encourage my customers to recommend my business to their friends... (Interview with a distributor)

4.3 Summary

By adopting a grounded theory strategy, I conducted an inductive case study in the counterfeit luxury industry in Guangzhou China that aims to address the research question of how a shadow institutional field maintained. A qualitative method allows me to gain a holistic and comprehensive view of this industry and deeply engage with the actors embedded in this industry. As the findings in a qualitative case study is sensitive to the context, in the next chapter, I provide more details about this case and its local context that help us to understand and validate the findings.

5. EMPIRICAL CONTEXT: COUNTERFEIT LUXURY INDUSTRY

This chapter describes the empirical context of the case study based on the current literature and my data. First, I provide the definition of counterfeit product and the current understanding of the counterfeit luxury industry. Then I move to the details about the counterfeit luxury industry in Guangzhou China and the business environment in Guangzhou, which offers the context that facilitates the development of this industry.

5.1 Counterfeit products and counterfeit industry: What we do not know

Counterfeit products are defined as 'any goods, including packaging, bearing without authorization a trade mark that is identical to the trademark validly registered in respect of such goods or that cannot be distinguished in its essential aspects from such a trademark, which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation' (WTO, 1994). Other definitions of counterfeit products are slightly different but share some points of commonality: 1) unauthorized manufacture; 2) violation of intellectual property rights; 3) the certain degree of similarity with the genuine version (e.g., Matos, Ituassu & Rossi, 2007; Staake, Thiesse & Fleisch, 2012). In addition, the quality of counterfeit product varies and is not necessarily lower than the genuine one (Wilcox, Kim & Sen, 2009).

Counterfeiting is not a new phenomenon. The first recorded case of counterfeiting luxury products is in 27BC. Using the trademark of a prestigious wine in Rome, a wine merchant in Gaul sold cheaper wine for the same price (Phillips, 2005). In the thirteenth century, even facing severe punishment such as torture, counterfeiters were active (Higgins & Rubin, 1986). Nowadays, counterfeiting activity remains an important component in the

economy. The value of counterfeit trade worldwide has surpassed the national GDPs of about 150 economies (OECD, 2007).

Current research on the counterfeit industry mainly focuses on the consumer side, such as consumers' purchase motivation, attitudes towards counterfeits, and how the existence of counterfeits impacts buyers of genuine brands (e.g., Commuri, 2009; Cordell, Wongtada & Kieschnick, 1996; Nill & Shultz, 1996; Yoo & Lee, 2012). The responses from existing customers of luxury brands to proliferation of counterfeiting vary, including both abandoning the brand and offering evidence of pioneering brand affiliations (Commuri, 2009). Some studies have highlighted that counterfeit goods may not influence the performance of luxury brands. For example, Nia and Zaichkowsky (2000) show that the wide availability of counterfeit goods does not influence customers' purchase intention of original luxury brands. Gentry et al (2006) argue that counterfeit offers opportunities for customers to try a low-grade version with the intent of purchasing the genuine products if they like the counterfeit version. Despite the discussion of whether trade in counterfeit hurts genuine brands, still, the mainstream view about counterfeit goods is that they have a negative impact on brand equity and sometimes they compete for the same customer group. Most importantly, counterfeiting is a violation to the rights of the companies and designers.

Because the existence of counterfeit products dilutes the value of genuine brands and their profitability (Commuri, 2009), many studies also focus on the design of anti-counterfeiting strategies. For example, Olsen and Granzin (1993) demonstrate that developing a good relationship with channel partners can encourage them to participate in the anti-counterfeiting program. New technologies also provide more tools for brands and government to combat counterfeiting (Laura 2018). Yao (2015) argues that imposing counterfeit-purchase penalties on consumers would also reduce the demand of counterfeit goods. Other anti-counterfeit strategies such as adjusting product design, improving the

surveillance to the supply chain and developing customer education program have also been discussed. Executives hold the view that counterfeit sellers are the main driver for the trade in counterfeit goods (Stumpf and Chaudhry 2010). Interestingly, however, researchers rarely look into how the sellers conduct their business and how this industry works as a whole.

There are fewer studies that attempt to uncover the internal mechanisms that facilitate the industry's survival and development. This is an intriguing angle, since the industry is able to survive and thrive despite complex challenges, such as having to hide from authorities while promoting the business without access to formal communication channels. This unique and intense environment, and the thriving growth of the field, points to the need to uncover the underlying mechanisms behind the field's maintenance.

Some argue that the existence of this industry is due to lax enforcement policies and a large number of producers and consumers in developing countries such as China and Thailand, that support the production and distribution of counterfeit products (Hung, 2003; Staake, Thiesse & Fleisch, 2009). However, even in developed areas with strong legal systems such as Europe, counterfeit production and distribution are not hard to find (Camerini, 2015). Given the efforts of governments, genuine brands and online platforms in the war against counterfeits, the survival and growth of the counterfeit industry remains somewhat paradoxical.

5.2 Guangzhou: One of the famous counterfeit hubs in China

China has long been suggested as a fertile ground to study counterfeit luxury industry (e.g. Commuri, 2009; Hung, 2003). Located in the Pearl River Delta, one of the leading commercial and manufacturing regions in China, Guangzhou has been regarded as the hub of the world's counterfeit business. Although it is not the only counterfeit manufacture and

distribution center in China, Guangzhou is the most famous one in both domestic and international markets for its factories' capability to produce high-quality counterfeits. As a field expert in my interview said, "counterfeiting is not easy. Guangzhou has a strong manufacturing capability so factories there are able to do it."

Historically, Guangzhou used to be the only Chinese city permitted to engage in foreign trade. Now the city maintains its superb position in multiple types of industries. The most important event shaping the recent history of Guangzhou is China's policy of Economic Reform and Openness that began in the 1980s. After decades of seclusion in trade, China set up several special economic zones, including Guangzhou, that can benefit directly from the special economic policies, such as tax incentives for foreign investments and flexibility in international trade activities. Simultaneously, companies in the US and Europe also started to move their manufacture facilities to cost-efficient regions in the developing world. Guangzhou is one of the main destinations for these companies. Many clothing and watch brands chose to produce in Guangzhou and the nearby areas. This area soon grew into a world-class industrial park.

The high-quality requirements from international and domestic brands have pushed the development of production capabilities and human skills in the local area. Since these manufacturers work for a large number of companies, they have also developed cost advantage and made both raw materials and products available at reasonable prices. Relying on a mature manufacturing chain, the counterfeit luxury industry has grown dramatically since the 1990s.

5.3 Organizing counterfeit businesses on digital platforms

"China's WeChat shows the way to social media's future." ----- The Economist

Enabled by advanced logistics and the development of the Internet, counterfeit business has expanded enormously. Distributors in China and other countries are able to connect with the factories in Guangzhou and sell counterfeits made in Guangzhou in their local regions. The distributors and customers I interviewed all have conducted business and purchased counterfeits through social media, websites or other online platforms. As a result, it is more difficult to curtail the counterfeit trade. Trade in counterfeit goods used to be local activities, and now it has grown exponentially and world widely (Simonian, 2011).

Technology development allows counterfeiters to operate their business at a lower cost and expand the industry easily as they do not need to pay for the rent or communicate with each other face to face. Counterfeit business has expanded enormously and engaged with various digital platforms, especially WeChat, a social media mobile application software. It allows interpersonal communication through real-time text and voice messaging, akin to WhatsApp. In addition, it also enables users to share texts, images, music, and articles within their network on WeChat on an interface called Moment. Users can 'like' or 'comment' on the posts like they do on Facebook. In China, WeChat dominants the market of social media. It has reached one billion active monthly users in 2017. The embedded functions such as WeChat Payment and purchasing tickets make WeChat a multi-functional platform that have been deeply weaved into Chinese' daily activities. For example, WeChat Payment, which allows users to do mobile payment and transfer money between contacts, has overtaken Alipay as the most used digital wallet in China. All distributors in this case told me that they use WeChat as the main platform to conduct business. Distributors are able to share product information and post promotion message on Moment, conduct real-time communication with suppliers and customers and complete money transfer with suppliers and customers without leaving the App.

5.4 The counterfeit luxury industry as a shadow institutional field

I conceptualize the counterfeit luxury industry as a shadow institutional field because it clearly forms a "recognized area of institutional life" with the objective of achieving coordination and exchanges with partners under the radar (DiMaggio & Powell, 1983). In China, the law categories the activities of using and counterfeiting trademarks on products without authorization, and trading counterfeit products as crime. The number of counterfeit products found by authorities determines the penalty.

In Guangzhou, commercial bureaus conduct regular crackdowns, including actions such as imprisoning counterfeiters and confiscating products or equipment that is used to produce counterfeits. In 2015, local authorities dealt with 738 counterfeit production cases and imprisoned 1698 counterfeiters, with 860 factories destroyed and products confiscated worth around $23 billion (PhoenixNewMedia, 2015). Genuine brands also work with customs and commercial bureaus to detect counterfeit trades in ports or on the street. For instance, Versace groups allocated 60.2% of its annual operating expense ($205m) to in-house anti-counterfeiting measures, which helped to destroy around 360,000 fakes annually (Simonian, 2011).

I also have witnessed the evidence that Taobao, owned by Alibaba and accused of supporting the counterfeit industry and is allegedly one of the biggest platforms for counterfeit goods worldwide (Colver, 2016), has actively cooperated with genuine brands and helped them detect counterfeit traders. For example, Alibaba has worked with Burberry to remove unauthorized distributors of Burberry goods. In addition, Alibaba has launched an anti-counterfeiting system to detect online counterfeit selling while cooperating with local authorities to look for more effective solutions. The interviewees from this case also mentioned that distributors now prefer to use social media because Taobao is becoming a riskier platform to operate on. It is even more challenging to staple counterfeiters out as

social media provides a good protection for them. When their social media account is reported and shut down, distributors can easily restart an account without cost.

Admittedly, some interviewees acknowledged that legal forces could be stronger indeed, so they would have no space to operate the business. Nevertheless, evidence from the case shows that the legal pressure has profoundly impacted how counterfeiters operate the business. For example, a manager of a highly-faked genuine brand who has experience of dealing with counterfeit issues in Guangzhou said:

> Often these counterfeit operations are run in rural areas, which are more difficult to monitor and police. It is common for counterfeit manufacturing people to run operations from a very small local factory, which if you close one down, it will spring up again elsewhere. That's extremely difficult to stamp out.

5.5 Summary

The advances of digital platform and Guangzhou's local industry development facilitate the expansion of the counterfeit luxury industry. The institutional order, such as interaction patterns and normative practices, of the counterfeit luxury industry is also highly shaped by its environment including the legal pressure. In the next chapter, I move to the core findings of this research by demonstrating how the features of the counterfeit industry impact institutional maintenance and how counterfeiters, especially distributors, ensure the implementation of the institutional order and reproduce it.

6. CASE STUDY: COUNTERFEIT LUXURY INDUSTRY

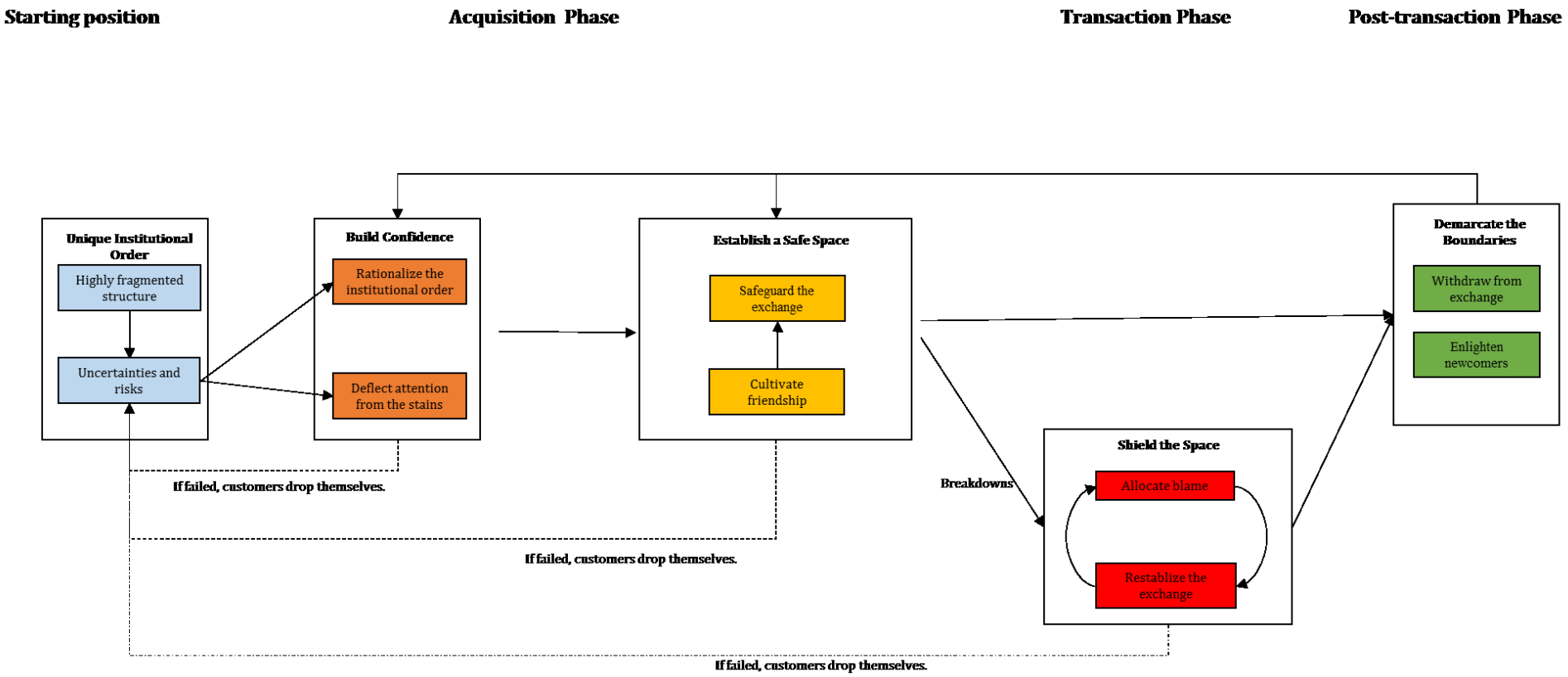
In this section, I present the case study data and demonstrate the theoretical insights emerged from it. The first section provides an overview of the main findings by presenting the grounded model of maintaining a shadow institutional field. The second section 'zooms in' the model by elaborating on each theoretical theme and offering evidence that supports the generation of these themes and the relationships among them.

6.1 Theoretical model: Overview[4]

The model of maintaining a shadow institutional field discloses the series of actions institutional workers conduct in order to ensure the continuity of institutional order and the reproduction of it. The model is demonstrated in Figure 2 and is organized around theoretical dimensions that are merged from the grounded theory building, as summarized in Figure 1. Please note that the model is developed from a grounded theory analysis. In other words, the core concepts and their relationships are developed inductively from the data by going through several rounds of iteration (Glaser & Strauss, 2009). I briefly present the model upfront for the purpose of providing an overview and clarifying how the themes are related with each other that offer an explanation to the research question (see Hampel & Tracey, 2017; Howard-Grenville, Metzger & Meyer, 2013; Tracey, Dalpiaz & Phillips, 2018).

[4] I would like to thank Christian Hampel and Paul Tracey for their extremely constructive comments and suggestions. I would also like to thank the discussants and participants at the 2016 Academy of Management Annual Meeting, 2017 European Group for Organizational Studies Colloquium, 2018 European Group for Organizational Studies Post-Doctoral and Early Career Scholars Workshop, and 2018 Edinburgh Writing Workshop for their helpful feedback.

FIGURE 2: A process model of maintaining a shadow institutional field



The model begins with highlighting the *unique institutional order* of a shadow institutional field, which delineates the main characteristics of the field that shape maintenance process – highly fragmented structure and uncertainties and risks. Embedded in such field, institutional workers conduct four sets of institutional work to ensure the continuity of institutional order and reproduction of it. I label the first set of institutional work *build confidence* – rationalize the institutional order and deflect attention from the stains. This work is mainly conducted in the phase of acquiring newcomers and aims to reduce customers' concerns about the field despite the uncertainties attached to it. It is achieved by facilitating a shared cognitive framework for newcomers to make sense of the interaction patterns and construct a new and positive way to evaluate the field. The second set of institutional work is labeled as *establish a safe space* – safeguard the exchange and cultivate friendship with exchange partners. Here the intention is to demonstrate the capability and willingness of institutional workers to minimize the uncertainties attached to the exchange. In the phase of transactions, breakdowns occur when institutional workers cannot fulfill their promises. They *shield the space* through allocating blame and restabilizing the coordination. The purpose is to protect their credibility and the safety of the space. If these forms of institutional work failed, I observed that customers drop out from the process without process to exchange. The last set of institutional work is labeled as *demarcate the boundaries* – withdraw from exchange and enlighten newcomers. To ensure actors in the field can faithfully interact with each other, institutional workers actively drop unqualified exchange partners and help newcomers to identify the legitimate exchange partners.

The next section details the case analysis in which I ground the theoretical constructs in my data and explain the relationships among them. It shows the key features of the shadow institutional field and how institutional workers reproduce the institutional order in this context. Below, I describe the findings in greater detail.

6.2 Findings: Maintenance of a shadow institutional field

6.2.1 Unique institutional order

The legal pressure shapes the organizing process of this industry. Counterfeiters have to establish and maintain a way of operation that allows them to hide these activities from authorities and create a relatively undetectable space to run the business. The analysis suggests two main features of the institutional order of the counterfeit industry that shape its institutional maintenance: 1) highly fragmented structure and 2) uncertainties and risks.

Highly fragmented structure. Rather than running as a hierarchical organization, multiple actors in the counterfeit industry work and coordinate within a fragmented structure, which enables them to operate under the radar and be resilient to deal with crackdowns from authorities.

First, *organizers keep the minimum scale of operation* (first-order category A). The manufacture of counterfeit products is usually initiated by an organizer, who chooses the type of product to make, purchases raw materials and logo-free components from formal specialized manufacturers. The organizer then transports these components to their "factories" to assemble, print logos and other trademarked elements on the products. This way of manufacture allows organizers to keep the workshop small and easy to hide. According to a field expert,

> Contrary to common belief, counterfeit factories are not the size of western factories used by companies like GM or Ford. They are in very low-key, small units usually in a mysterious location with no outwardly visual indication of being a factory at all…

Importantly, this structure is enabled by the mature manufacturing chain in Guangzhou. Local original equipment manufacturers (OEM) in Guangzhou has a long tradition of

producing products for both international and domestic brands. They make many raw materials and components of making watches and bags widely available in the local market. According to a distributor who works closely with factories:

> All the raw material can be found everywhere. As long as you get a bag and dissect it, it is very easy to find all these elements from the local markets. Maybe the metal is not as good as the genuine one, but you just can find these [this] stuff everywhere in Guangzhou.

To rely on formal manufacturers and buy components and parts from them, counterfeit organizers usually conceal their illegal identity. For instance, organizers can obtain a business certificate from regulators by registering a random brand. Business certificates allow counterfeiters to buy raw materials from formal manufacturers without exposing the nature of the business. A watch distributor shared the following with me during an interview:

> As long as you have a registered brand, you are able to purchase the movements from Swiss factories. These movements are not necessarily assembled into your branded watch though. You can put them into the counterfeit watches. Watch makers are able to do it. They just buy the movement and put it into the counterfeit watch instead of their registered legal brands.

Second, *distributors are independent and do not need to hold stocks* (first-order category B). The main responsibilities for distributors are to promote the business and sell. Different from the exchange in formal businesses, to purchase counterfeit products, customers usually contact distributors online, pay them in advance, who then pay their suppliers. Factories typically ship products directly to consumers. It should be noted that the suppliers of a distributor could be factories or distributors who also don't have any stock. The distributor who contacts customers directly may or may not know whether her/his suppliers are factories or distributors. If the supplier is a distributor, then the supplier needs to pass the information to his/her supplier, until the information reaches factories who have stocks and

can send out products directly. Therefore, it is highly possible that there are many distributors involved in one deal. In addition, since most factories only specialize in a few brands, most distributors tend to have multiple suppliers to ensure that they can help customers find all types of counterfeit products.

Holding stocks that carry a trademarked logo is risky because, as one of the interviewees noted, it is "the most important evidence to accuse of crime." The data suggests that usually factories are the only ones who hold stocks. They spread their stocks across several different places, to minimize the number of products in each location. At the same time, factories also keep the inventory to the minimum. If local authorities find one or two warehouses, the lost for factories is affordable.

In this way, counterfeit factories draw legal pressure to themselves while developing capabilities to reconfigure the production quickly by reserving resources and capabilities for production. At the same time, the pressure for distributors is weakened, which enables them to conduct daily business activities without worrying too much about legal issues. Furthermore, in this structure, if one player fails for commercial or legal reasons, they can be replaced easily without causing the network to collapse.

Uncertainties and risks. The coordination within a fragmented structure without formal monitoring can be problematic and results in *uncertain product quality and delivery time* (first-order category C). As customers have to pay first, they cannot evaluate the product before committing to the exchange. Counterfeit products are usually associated with 'low quality' and the business is perceived as a mess. As a customer said, "I never read the promotion material on their [distributors'] homepage because many distributors just copy each other's description for the similar product, or just simply make it up. You never know whether such description is true or not."

To be specific, customers are not certain of whether distributors can provide the products in good quality and deliver them on time as they expect. Actors in the manufacturing side do not reveal themselves and have a public profile. Unlike purchasing from genuine brands, customers cannot access the product information easily. If the quality of the product is low and other people can recognize it as a counterfeit, customers may encounter social embarrassment. It increases customers' concerns of product quality when purchasing the counterfeit. As a customer shared with me,

> …people judge me based on my outfit....when I meet some people in the first place, they may judge me based on my outfit. I do care and don't want them to find out that I'm carrying a counterfeit bag.

Customers thus have a high concern of the product quality, especially the similarity between the counterfeit and the genuine one.

In addition, because of lack of the formal monitoring system, manufacturers sometimes cannot send out the product on time. It potentially creates problems as when customers cannot receive product online, distributors might be suspected as frauds, as customers do not have anything to protect their interests. For customers, carrying out exchange with distributors in the counterfeit industry is risky and full of uncertainties. The distributor is the only information source for customers to know about the product quality and the only contact point to handle the exchange. It represents a key challenge for distributors to facilitate coordination and ensure the continuation of exchange.

6.2.2 Acquisition phase – Build confidence

Based on this case, a prominent aspect of maintaining the counterfeit luxury industry is to build customers' confidence in this business. The industry is usually associated with

negative labels such as ‘low quality’ and ‘mess.’ Moreover, unlike customers’ previous exchange experience in formal businesses, the interaction patterns in the counterfeit industry are ambiguous for customers. To build customers’ confidence, distributors seek to 1) rationalize the institutional order and 2) deflect attention from the stains so that customers are able to construct a schematic framework to make sense of how everything works and interpret the business in a positive light.

Rationalize the institutional order. Compared with the way that customers engage with formal businesses, conducting exchange in the counterfeit industry is challenging. The normative practices in this industry are not common knowledge for most customers. As a distributor mentioned, “Because rep [replica] watches are illegal, the process [of purchasing] is not as straightforward as, say, buying from Amazon.” Most importantly, these practices position customers in a vulnerable position. Customers need to pay to distributors first without seeing the real product. Distributors seek to help customers make sense of these practices and be more comfortable with them.

To do so, first, distributors *unpack the production and distribution processes* (first-order category D). Different from common expectations that counterfeiters hide their activities behind the curtain in every aspect, they share insights about the production and distribution processes anonymously on some online forums and also social media platforms that potential customers usually visit. As a distributor mentioned on the forum:

> Before you get into the actual research and buying process for reps [replicas], take a read through some of the stickies and absorb the information within. These will give you a good foundation of knowledge on which to build, and help you further understand the process.

Sharing the knowledge about how this industry operates helps customers become more familiar with the industry. Moreover, it also helps them rationalize the special practices and frame them as appropriate and acceptable in this specific setting. For example, when

explaining why factories send out products to customers directly, a distributor shared the following:

> We do not hold stock of a watch UNLESS it is a best-selling and current watch. This means if a watch used to be a best seller, we won't hold it in the office. This is to reduce potential losses, as the minute we get the watch from the maker, we must pay for it and it is non-refundable on our end.

By making sense of the practices, distributors also aim at internalizing the expectations for customers, as the misaligned understanding and expectations between distributors and customers can be problematic and create more conflicts in the following transactions. Distributors explicitly highlight what customers should expect from distributors. As a distributor shared:

> ....I'm writing this post not to discourage new members from ordering but rather to help them to know what to expect and hopefully avoid compromising situations for the new member as well as the dealer...

Constructing a basic, shared understanding of how the industry works is crucial. It helps customers to make sense of the norms and what they should expect.

Second, distributors *prepare customers for potential issues* (first-order category E). Distributors share rationales behind some peculiar practices that customers particularly worry about that often trigger their suspicion toward the business. Specifically, it is achieved by elaborating on the causes of these issues and how customers could avoid or deal with them. The intention is to reduce customers' concerns. For example, the practice of checking the availability of certain products is not straightforward as it is in the formal business context. The following is a message posted by a distributor:

> Within this industry, it is nearly impossible to update the website to inform ahead of time whether a watch is out of stock or not. The makers produce what they want, when they want and it always depends on what are the best-selling watches currently. If we would even attempt to keep a continuous

> update on our website of what is and isn't in stock, it would be a full-time job for a few people to do, not only on our end, but also on the makers' end. This isn't to say that an old watch won't be in stock, it most likely is, but there are times where it isn't and it is beyond our control to mark it as out of stock on the website beforehand.

By framing the peculiar practices as pragmatically necessary, it helps customers to make sense of these special practices and see them as normal. Among these issues, the most common suggestion from distributors about how to conduct a successful exchange in this business is to find a trusted distributor. As a distributor suggested, "just contact your trusted dealers and they should be perfectly willing to accommodate you in rectifying the situation."

By elaborating on the organizing processes of the counterfeit luxury industry and making sense of peculiar practices, distributors work to remove the ambiguity and confusion, build up a shared cognitive framework for customers to make sense and internalize the practices. This form of work provides a sense of certitude that encourages customers to feel comfortable about the patterns of coordination in this industry.

Deflect attention from the stains. The data suggests that distributors work to reduce customers' concerns of quality issues of counterfeit products by deflecting their attention. Specifically, the analysis of the interviews and field notes suggests that distributors seek to promote specific attributes of counterfeit products and frame them in a desirable and appealing way.

This form of institutional work comprises three aspects. First, counterfeiters *establish new vocabularies to communicate* (first-order category F). Specifically, distributors use words with positive meanings when referring to counterfeit products. For example, distributors have developed a range of different terms to replace the words 'counterfeit' and 'fake,' such as 'custom-designed product,' or 'replica', to imply its similarity with genuine products. In addition, counterfeiters create a unique way to describe the quality levels of

counterfeit products (e.g., A, A++). They often use the word ‘A’ to refer to the product or put the letter ‘A’ beside product pictures in promotion materials as ‘A’ has a universal understanding of good. It acts as a symbol resource that carries positive attributes that are different markedly from the labels attached to counterfeit products. The intention is to create a positive frame that customers can use to think and interpret counterfeit products.

Furthermore, counterfeit distributors also define and elaborate some of the created words and phrases by directing customers’ attention to the similarities between counterfeit products and genuine products. Although the created names to replace the word ‘counterfeit’ vary among distributors, they all serve to the same purpose of highlighting the similarities between counterfeit products and genuine products. The following is an extract from a distributor’s social media account:

> What is the specifically designed product? It has three essential requirements. First, it has to be made based on genuine product, even for details such as stitch. Second, it has to use the same or similar leather. Third, it has to use the same package with the genuine one.

In the same vein, when a distributor was trying to explain the quality difference of the products, she posted the following message on her social media platform:

> I have different qualities for the same model, A, 1:1 and super A. A refers to the product that looks like the genuine one. 1:1 refers to the higher quality product that uses the good raw material. Super A means that the product uses exactly the same raw material as the genuine one.

The strategic use of language reconstructs the meanings attached to the product that deflects customers’ attention from the widespread negative labels. However, during the interviews, some distributors as well as customers acknowledged that they have been clearly aware of that classifying quality using words such as A or A+ is merely a sneaky strategy to charge more from customers by encouraging them to purchase a ‘better’ version of the counterfeit

product. Nevertheless, this language system has been widely accepted and used in the communication within this industry. When journalists go undercover and report the stories about the counterfeit industry, they also adopt the similar language and use them in their articles. These symbols including the words and signs help to shape the meanings customers attribute to counterfeit goods.

Second, counterfeit distributors *provide the experience of purchasing genuine luxury products* (first-order category G). In doing so, distributors draw upon the practices employed by the genuine luxury business that are typically not expected to be offered by counterfeit businesses. The intention is to set the impression that the counterfeit business is not a poorly organized and incapable business. For example, to simulate the customer experience in formal businesses, some distributors not only provide the product but also the package and even the invoice. The following is a quote from a newspaper wrote by a journalist who has visited one of the underground counterfeit markets in Guangzhou:

> Even though these distributors sell counterfeit products, they are willing to offer genuine experience for their customers. Except for the bag itself, these distributors now also offer the same package, identification card and so on just as genuine brands provide.

Sometimes, counterfeiters even claimed that their products can be examined in the flagship store to demonstrate their confidence in the product.

In addition, although distributors are frank with customers that they sell counterfeit goods, some distributors pretend to have a formal organizational structure that is similar to that of a formal business. The following is an extract from the field diary describing a counterfeit watch retailing website:

> The website is really interesting. It even has sections for customers to post review[s] and there are actually some reviews on it. In addition, the website also has a customer service section that encourages customers to get in touch with them through email or phone. The design of the website looks just like a normal watch-selling business with pictures, descriptions, materials, maintenance etc.

As some interviewees acknowledged, the similar structure and practices are purposefully presented and the "company" behind it might be just an individual or a very small group of people. For example, a distributor said the following in an interview:

> Most dealers will in the main be small operations, not huge enterprises employing dozens of people. This would not be possible as dealers need to stay under the radar to survive and avoid being arrested. So, all this sales department, customer services department, buying department talk is all make believe in the main.

These practices, mimicked from formal businesses, are aligned with customers' previous experience with other exchange partners, and what they expect from the genuine luxury distributors. The ceremonial conformity reduces the peculiarities of the counterfeit business and makes it less alien, thus reducing customers' concerns about the quality of counterfeit products and increase their confidence.

Interestingly, even though counterfeit products are in high demand and valued because of the popularity of the corresponding genuine brands, distributors actively engage in activities to *attack the morality of genuine brands* (first-order category H). To do so, distributors challenge the intrinsic negative associations attached on counterfeit products and contesting these negative labels directly. Distributors accuse genuine brands as 'devils' who take advantages of customers by charging unreasonably high price. For customers, the unreachable price is the main reason that they turn to the counterfeit version of these products. Portraying genuine brands as evils who charge too much aligns distributors' interests with customers. As a distributor posted on his social media platform:

> The price for the genuine brand is only for the brand name! It is simply too expensive! I will try my best to provide the same product for you at a much lower price.

Through emphasizing on the importance of quality and downplaying the brand value, distributors claim that the counterfeit product is good value for money.

Furthermore, some distributors even offer alternative explanation for the price difference to disrupt customers' universal interpretation of that the counterfeit product is cheap because of the low quality. The following is an extract from a distributor's WeChat platform:

> Actually, most of luxury products are made in China. Chinese factories finish 99% of the production and then send products back to other countries to finish the last step. Based on the regulation, the place that finishes the last step is the place of the production, so these shoes become made in Europe or America …These products fly to these countries and then fly back to Chinese shopping malls. It is not surprising that the price is so high in the mall.

In addition, counterfeiters actively share articles featured quality scandals of genuine products, especially the ones from credible sources such as national newspapers. For example, I read a story shared by an informant on her social media platform that a customer spent more than £1,000 on a designer bag but the unraveling stitch disappointed her. Another common story shared by distributors is about that customers bought counterfeit products from the formal distribution channels with the original price. It is usually shared with short comments such as "I will never shop in the mall again…It's totally a waste of money" or "You cannot guarantee to be able to get the genuine product even you purchase it from a big mall and spend that much money."

By leveraging language, combining practices and attack the morality of genuine brands, counterfeiters seek to impact customers' perceptions about the business by diminishing the

perceived uncertainties of the quality of counterfeit goods. It is achieved through smoothing over the major differences between counterfeit products and genuine products perceived by customers. They also provide an alternative account that enables customers to evaluate counterfeit goods positively to encourage customers to engage in the exchange. Customers who still have big concerns about the business and the product drop themselves at this phase and would not try to approach individual distributors to push the transactions forward.

6.2.3 Acquisition phase – Establish a safe space

When customers approach each individual distributor, distributors work to establish a safe space through orchestrating the exchange among suppliers and customers and demonstrating their willingness to serve customers. The intention is to encourage customers to join the exchange and create the impetus for their compliance of how to exchange. In doing so, distributors conduct forms of institutional work including 1) safeguarding the exchange and 2) cultivating friendship with both customers and suppliers.

Safeguard the exchange. As distributors conduct illegal activities of selling counterfeit, for customers, distributors may not be perceived as criminals as the law defines but the understanding of who they are and whether they can behave as expected remains unknown. To encourage customers to purchase, distributors seek to demonstrate their competence to orchestrate the coordination and serve customers in an industry without formal regulation. As customers need to pay first without checking the product, such signals are critical.

For distributors, they *see themselves as formal entrepreneurs* who commit to serving customers (first-order category I). It guides their daily practices and interactions with customers. Some interviewees shared their hesitation and concerns when they entered the

business with me during interviews. When I asked them about how they feel about selling counterfeit goods, replies such as the following were common:

> In the beginning, I was not so sure because, after all, it is illegal. But, counterfeit goods are everywhere. Later on, I just started to feel like, it's not a big issue.

Distributors rationalize and interpret their roles and identities by perceiving the counterfeit selling as a way to serve customers. Interestingly, some distributors claim that their mission is to "let the whole world to be able afford to luxury products." They describe their role as a seller who "provide a similar product to customers at a much lower price" because "not everyone needs to buy genuine luxury products." In the same vein, a distributor said the following during the interview:

> It is convenient for all of us. I can make a profit and customers can get a cheap product. The product is the same as the genuine one, but I sell it at a much lower price. Why not?

When asked about the challenges of running a counterfeit business, it is rare that moral or legal issues are at the top of their list. Instead, they often cite generic challenges that are faced by any entrepreneur (e.g., "driving sales" and "reaching out to more customers"). It also reflects distributors' understanding of themselves as normal businesspeople rather than illegal sellers.

To customers, distributors seek to demonstrate that they stick to the normative business principles and share as much evidence as possible to show that they work hard to protect customers' interests. For example, a distributor shared her business principles with customers on her social media account, stating that "I don't exaggerate the quality. If you ask me, I can tell you the details...Thank you very much for all your suggestions. I will try my best to improve!" Another distributor shared a similar view,

> We understand, however, that every customer is unique and we are flexible to meet your particular requirements. Customer satisfaction in our products and services is our top priority.

These are critical for customers, as they highlighted that "Us newbies tend to and want to believe everything they read from a trusted dealer. This trusted status must extend far beyond that of not being a scammer. The trusted dealers must be held to the highest of standards for the list to have any meaningful value."

Second, distributors *depict themselves as experts* (first-order category J). They leverage their knowledge of both luxury products counterfeit products as a symbol of personal capability to serve customers. The intention is to increase their credibility. As a distributor put, "think about it, if you are the consumer, you would like to see and check the product. If you cannot see the product, you cannot fully trust the seller."

To signal their capability to vouch for high-quality products, some distributors share their motivation to run the business to show their personal interests and the passion of luxury products. The following is a post from a distributor's social media account:

> The reason I open this store is to share my beloved bags with my girls. My previous working experience offered me an opportunity to learn about leather bags, the design and how they go with your outfit... Many of you know I'm very picky. I'm obsessed with luxury bags.

Some distributors also initiate technical discussion with customers such as reengineering watches. They seek to illustrate their expertise as well as their willingness to uphold a high standard of products they sell. As a distributor said in an interview:

> No matter [if] you know the product or not, you have to pretend that you are professional in order to convince customers that you are [an] expert on the product you are selling. That's the foundation for the follow-up conversation. If the customer does not trust you in the first place, she does

> not trust you whatever you say later. She might feel why I need to trust you. I know fashion very well. You have to build up this image.

Furthermore, distributors claim that their expertise allows them to offer the best products in the market. Unlike low-quality counterfeit sellers, many distributors I interviewed believed that their competitive advantage is built on their capabilities to find the best product. For example, when a distributor posted a photo of the products on her social media account, she added a short comment: "this is the best quality. Others cannot be compared with it."

This expert image signals that distributors speak on behalf of the truth, are expected to be able to offer an objective evaluation of the product quality and establish certainty and reliability (Bugos, 1993). Customers also respond well to these messages. As a customer said, "…from the posts on the Moment, you can feel that she's confident about her products, so I believe she is reliable. The attitude she expressed is that, my product is good, without any doubt!"

Cultivate friendship. Besides signaling their competences, distributors also seek to establish friendships with their customers that can be leveraged to prompt the exchange. One interviewee expressed his particular concern about establishing a good relationship with customers:

> They have to trust you first and then buy from you. We have to develop the personal relationship in order to gain trust… In the beginning, you all need to start as strangers then make friends with them so they can trust you completely. This is the most difficult thing.

To establish their relationship with customers, first, most of the distributors run the business *using personal accounts on social media* (first-order category K). By using personal accounts on WeChat, distributors are able to facilitate the relationship with customers real persons and increase their credibility. When I asked a distributor about why she started with WeChat, she said:

> ...Trust…I think. Because you add me on my WeChat account, you must be introduced by a friend or previous customers of mine. You must be someone indirectly related to me. You know. For example, your friend tells you to add me on WeChat. Your friend must know me well. You are also her friend so she's like a middleman, a warrantor.

Sometimes, distributors purposefully post some photos of their personal life, mixed with advertisements for their business, on the Moment. These daily updates and personal pictures also signal their commitment to the business. When asked about the content selection for her social media account, a distributor said:

> Normally I post the new products I have. (Giggles) I also share some songs, but it is purely about personal interest, nothing to do with the business. And, I sometimes post photos of myself to let my customers, especially the ones who know my account through forums, know that I'm not a fraud. I'm here.

Second, distributors *communicate with customers as friends* (first-order category L). It is enabled by the features of social media platforms because they enable both in-depth communication, such as real-time conversation, and daily interactions such as comments on each other's posts. Distributors use friend-like tones and languages to carefully guide the conversation. They seek to encourage customers to follow the norms and to respond as friends. According to a counterfeit distributor:

> …You have to talk like a friend. Don't let her feel that you want to sell stuff. It is better to let customers feel that they can ask you anything, consult you [on] all the fashion questions. You know. You can help them to deal with some problems, anytime.

Distributors also position themselves as helpful friends that customers can talk with anytime. In an interview, a distributor described her relationships with customers:

> We are more like friends. Customers may come and just ask you some questions. They may not purchase immediately, you know, customers would not purchase from you at that moment. They often talk with me first and then if they have any need, they come to me.

Some of customers and distributors end up as true friends. It is interesting that one distributor told me that when she got engaged, some of her customers sent her red envelopes through WeChat payment. Red envelopes are monetary gifts representing best wishes to marriages that usually come from new couples' family and friends. It indicates that this distributor's effort of establishing the friendship paid off.

Cultivating friendship with customers shows distributors' willingness to think for customers and take customers' interests into account just as friends. Customers who engage with the exchange are impacted by this effort. As a customer said during an interview, "I feel that it has something to do with trust. On WeChat when we actually talk with each other, it is more likely for me to trust the seller." It reduces customers' uncertainties about whether the distributor can provide good products. Thus, it explains why customers do not resist to the current practice despite their vulnerable position of the need to pay first. If this work is not successful and customers cannot trust the distributor, customers drop themselves from the potential exchange.

Third, distributors also need to *strengthen the relationship with suppliers* (first-order category M). As suppliers send products to customers directly, to ensure that suppliers can provide good products for customers and reduce the uncertainties, distributors choose suppliers carefully and maintain a good relationship with them. For distributors, keeping a set of suppliers who can provide products in good quality is crucial. As a distributor mentioned:

> I think the supply is the key, I mean that I have suppliers to get the products for me. That's my advantage. If we are talking about WeChat, everyone can use the platform, and everyone can run business online. There is no problem with that. For me, my competitive advantage is that I have better supplies.

The most common way that distributors find trusted suppliers is through recommendations from friends and family. As a distributor said,

> I have friends at Guangzhou, Shenzhen and HongKong. They are in the factories…each factory knows each other so, it is very easy and convenient for me. I can find many stuff and order anytime. After they are ready, they send them to me and I pay for it.

Some distributors also try to approach suppliers in Guangzhou's underground market directly and build trust gradually with their suppliers. As a distributor said:

> He [the supplier] used to give me some bags to check. Because I have the all the genuine ones, he asks me to compare the counterfeit version with the genuine version. If I'm not satisfied, then I return them back. I got these bags and compared them with mine. They are exactly the same but only with some flaws, minor ones. After I received three bags, I feel that the supply should be reliable.

The more distributors engage with the business, the more they are likely to have access to more suppliers.

By bringing customers and suppliers together, distributors work to establish a safe place to engage with customers to conduct the exchange. If customers can trust the distributor, exchange can be achieved. Customers are convinced that the distributors are able to provide high-quality products and see counterfeit products as alternatives to genuine products. As a customer said, "the first purchase experience from this store is really satisfying. The product is really good. I don't see a need for me to spend that much money to buy from the shopping mall."

6.2.4 Transaction phase - Shield the space

In the transaction phase, perhaps it is not surprising that breakdowns occur quite often. When customers experience delayed delivery or receive unsatisfied products, how do distributors cope with these discrepancies? To respond to customers' complaints while

ensuring the continuation of exchange, distributors 1) allocate blame and 2) restablize the coordination.

Allocate blame. When a breakdown happens, distributors allocate the responsibility to other actors in the industry such as suppliers and delivery in a justifiable way. It guides customers to see the breach as necessary or unavoidable. The intention is to protect distributors' credibility so that customers can still trust their willingness and capability even in reverse situations.

First, distributors *explain and justify the breakdowns in detail* (first-order category N), through which they frame these breakdowns as excusable and institutional justifiable. To this end, distributors frame these breakdowns as temporary stretches from the institutional scripts that can be understood and fixed. For example, as a distributor stated, "as a lot of you know, there have been difficulties in getting stocks of watches, and therefore there have been delays…I would like to take some time to write down why this is so, in the hope that understanding is achieved, and we can all ride out the wave together."

In certain scenarios, the delivery delay is caused by the crackdowns conducted by local authorities. Distributors elaborate the events in detail to convince customers that manufacturers have to stop the production temporarily for the safety reason. As one distributor shared the following message with his customers:

> Because of this most of the manufacturers of the watches we sell have either decided to stop production until it [the crackdown] is over, or are producing on a limited basis (perhaps running their production line for only 3 days per week, as an example). This means that watches are in very high demand, with the demand outmatching the supply… The news is that the manufacturers will return to full production also on the 6th of April, although this is not 100% confirmed.

Most notably, although distributors attribute blames to deliveries and suppliers in order to preserve their credibility, they carefully explain the reasons to not ruin customers' confidence in the business. For instance, facing the complaints about delivery delays, a distributor posts the following message on her social media account with a picture of her car dashboard:

> Please don't complain about the delivery. It usually only takes 30 minutes for me to go to the factory from home, but the main road to the factory is closed now. This time it took me around 2 hours to get there. I don't think the delivery guy is more hardworking than I am to actively find other ways to get in.

Except for justifying breakdowns, distributors *clarify and reinforce their roles and responsibilities* (first-order category O) by stating explicitly about what they are able to do and what is out of their control and responsibility. As a distributor mentioned, they have "a very limited scope of control as to what they can ask a maker [a factory] to do".

For example, when the delivery delay happens, customers often doubt about whether they have been deceived by distributors and whether distributors could perform as they have promised. Given the situation, distributors often highlight that these problems are out of their control. Within their responsibilities, distributors reinforce that they have customers' best interests in mind and try their best to help customers. The following is a post on a distributor's social media account:

> I'm very sorry about the delivery delay. As you all know, I have no control over the factory and cannot predict whether they can send out your orders. However, in general, the factory is able to deliver the product within 3-5 days after receiving the order. Thank you very much for your understanding.

When customers complain about the quality of a product, distributors sometimes respond in a straightforward way:

> I want to be very clear on this point… I AM A WATCH DEALER. I AM NOT A WATCH MAKER. Yes, I SOMETIMES help the Makers with their watches, I always try to do my best with this task. I help a factory a lot recently, as an example, but this means that if a watch does not meet expectations, this is not my fault.

By clarifying and reinforcing their roles and responsibilities, distributors frame these breakdowns as understandable and justifiable to avoid customers' suspicion toward the distributors and their capabilities to carry out the exchange. The allocation of blame is also carefully framed so that the customers would not lose faith of the whole institutional system.

Restablize the coordination. Except for protecting their credibility and customers' faith in the business, distributors also need to manage the breakdowns by dealing with the discrepancies through either adjusting expectations from customers by arguing these events cannot be counted as breakdowns or actually help customers deal with the problems they experience. In addition, distributors also keep an eye on any practices conducted by customers that might threaten their safety when customers experience breakdowns.

First, distributors *mediate settlements* (first-order category P) when customers complain about the product quality and ask for exchange or return. As distributors do not hold any stock, exchange and return usually involve suppliers and can be complex. As a distributor put, "you need to take care of your customers and you also need to take care of the suppliers." Customers must send the products back to the suppliers, who may not have capability to deal with frequent exchange and return. To maintain a good relationship with suppliers, distributors try to avoid asking suppliers to return and exchange products regularly. In an interview, a distributor explained why they do not want to handle exchange and return with me,

> If there is no quality problem, changing size or return is basically impossible. Some products may be out of stock. If customers insist to change the size, factories can be extremely unhappy because the shoes

> customers hold can be sold to other customers who would be happy with the size.

Dealing with exchange and return require distributors to establish a good understanding with both customers and suppliers about what can be counted as quality problems. If distributors see the problems as minor ones, they tend to negotiate with customers and convince them that these problems are acceptable. If the quality problem is a fatal one, distributors usually try to change it for customers. It highly relies on the relationships that distributors have with suppliers and their mutual understanding about the exchange and return policy. As a distributor told me:

> If there is something wrong with the product such as the zipper, the factory can fix or change it into the new one. So the customer doesn't need to worry about the repairing stuff. They can send the product to me and then I can send the product back to the factory. They will help you to repair it.

Furthermore, distributors are also *vigilant about practices that might expose their business* (first-order category Q). The failure to meet customers' expectations provokes customers' concerns about the distributors' integrity and even the hostile attitudes toward the distributors and their business. I often saw the posts on social media from distributors to reinforce respond to customers' complaints such as "please do not push too hard" or "I have tried to solve the delivery issue so please be patient." Customers can only rely on distributors to obtain information about the product, the delivery without other means to evaluate whether the information is true. If breakdowns such as delayed delivery happen, some customers become nervous, question the integrity of distributors. As a distributor mentioned:

> This hobby requires patience, if you don't get your QC [Quality Control] pictures [of the product you ordered] in a few days or something to that effect, don't freak out and assume you've been scammed.

Distributors are also afraid that customers might turn to formal institutions that might expose their business. A distributor posted the following message on a forum:

> After your order is made...HAVE PATIENCE! Your watch will arrive. There's no need to get jumpy just because the tracking number isn't working and there is not a set time limit on a watch being mailed from another country. It is unacceptable behavior here, or any of the forums to file a PayPal dispute because you haven't received your watch in the imaginary timeframe that you set. You do not need PayPal to protect you from our dealers that is why they are considered TRUSTED. So forget any kind of PayPal deadline!

Distributors reinforce that they can be trusted and try to solve customers' problems. Compared to their determination to serve customers, the overriding goal in the counterfeit industry is the safety of counterfeiters. Thus, distributors explicitly highlight what practices are not acceptable and be vigilant about these practices.

6.2.5 Post-Transaction phase: Demarcate the boundaries

To reproduce the institutional order, a prominent aspect of the maintenance efforts in this case study is demarcating the boundaries. The boundary in this case refers to the boundary of the industry that comprises customers, suppliers, distributors and other key exchange partners. The ultimate goal for this boundary work is to facilitate successful exchange by gathering actors who can interact with each other faithfully and frequently (Scott, 2014). To do so, distributors actively 1) withdraw from exchange and 2) enlighten newcomers to help them avoid bad apples in this industry.

Withdraw from exchange. When distributors think their coordination partners cannot meet the expectations, rather than working to repair breaches all the time, distributors actively withdraw from exchange and clean up the crew manually. The intention is to avoid frequent breakdowns and conflicts that threaten their capabilities to perform their tasks.

First, distributors *refuse to do business with 'picky' customers* (first-order category R). Distributors actively drop customers when customers complain too much about the delivery time or the quality of the products they have received. Distributors interpret these behaviors as a signal of distrust in the business and distributors. For distributors, when they feel customers' perception about the business is hard to change or may require enormous work to change it, distributors abandon these customers directly. As a distributor described in an interview, "…I always make it very clear that small flaws don't count as quality problems. If they [customers] are being picky and keep grumble, we just refuse to do business with them again."

Most notably, distributors deem that customers' suspicion and complains are originated from their concerns about the concept of the counterfeit product rather than an objective evaluation of the product quality. As one distributor put, "customers always feel that the counterfeit product is different with the genuine one." When distributors start to be aware of the perception that customers are not convinced that counterfeit products can be in good quality, they tend to refuse to work with these customers again. As a distributor posted on her social media platform:

> What is twin-side sheep skin? It keeps you warm! It is not as strong as cowhide. Fuzzy buyers, please don't come. I cannot make sure it is from the genuine factory but what I have are twin-side skin and first-class leather. If I cannot satisfy your need, I give up!

In the same vein, another distributor shared a story with me about how she managed the complaints from her customers about the allergy effect caused by her products:

> If they [customers] are allergic to metals, you could choose something made by silver, which might be a little bit expensive. I need to order it for you. If the genuine product is made by brass, then our product also uses brass. If customers are still not satisfied, they can just go away.

Furthermore, many distributors share their experience of dropping customers on social media and label these customers as picky. To me, distributors seek to de-legitimatize these customers' concerns as unreasonable while highlighting that customers should have faith in distributors and the products they sell.

Second, distributors *drop underperforming suppliers* (first-order category S). If suppliers consistently send out products that are complained by customers, distributors stop to work with them and start to find new suppliers. It is easy for distributors to approach new and trustworthy suppliers through their existing networks in the industry. As distributor mentioned,

> I just use some suppliers more than the rest of them. I know more than 20 suppliers. Repeated purchase is very important for me to develop the business so the quality is significant. There are several suppliers I use more than the rest of them…we can switch suppliers without any cost. If they cannot send out products in high quality. I just use other suppliers and keep finding new ones.

By constantly managing boundaries by dropping picky customers and underperforming suppliers, distributors remove potential threats to the current institutional order and gather exchange partners who follow the institutional order and can coordinate with them faith fully and frequently.

Enlighten newcomers. Institutional workers, including experienced customers and distributors, direct newcomers to trusted distributors directly and share experience to guide customers to avoid bad apples.

First, distributors as well as experienced customers *share experience with newcomers to help them avoid "bad apples*," (first-order category T) the ones who are not able to or not willing to conduct exchange as expected. These 'distributors' only sell low-quality products and they might even be frauds who convince customers to pay but do not send them anything.

If inexperienced customers approach bad apples who cannot provide satisfied products or even cannot provide products at all, customers can easily spread the bad word online and offline. It may potentially create more difficulties for moral distributors to justify their businesses and approach new customers. To equip customer the capability to detect frauds in the industry and select trusted distributors, distributors actively educate customers that allow them to select the good distributors to exchange with.

To do so, distributors share information about the behavioral patterns of trusted distributors and frauds respectively. For example, when discussing customers can trust the pictures provided by distributors, a post on a distributor's social media account mentioned:

> Using a genuine picture that an authorized dealer would use is only a sure sign that the site is misrepresenting what they're selling. Adding their own little watermark to genuine pictures does not fix this either.

Another tip shared by a distributor is that:

> ...if it's too good to be true, it most likely is, and if it's too anything like $1000+, it's most likely a scam, you're not getting better quality or anything closer to gen by paying that much more.

Experienced customers also share their purchasing experience. For example, the following message is posted by a customer on a forum:

> I've only dealt with a few dealers myself, but they have both flat out lied to me about various things. All the dealers exaggerate or mislead in their advertising on their websites. The bottom line for me is the overseas dealers can't be fully trusted.

Newcomers appreciate these messages as these tips help them understand how to select a trusted distributor when no authorized information available for them to evaluate who to trust. As a customer said, "…. I was lucky enough to find it [the post with tips of how to

select distributors] before I got scammed. I have made some excellent transactions with some fine gentlemen and finally I have made a few friends."

Second, distributors *encourage their existing customers to recommend friends and family to purchase* (first-order category U). Distributors often offer different forms of incentives to their existing customers in order to encourage these customers to recommend their social media accounts to their friends and family. Engaging with newcomers is challenging as limited information is available for newcomers to make predictions of whether distributors can be trusted. Recommendations from existing customers provide information about these distributor's capability to satisfy customers' need and their commitment to their businesses. For potential customers who obtain advice from their friends, they have more confidence in the distributor. As a customer shared with us:

> Most of the time, my friend recommends me the place to buy on WeChat. They have bought something and the quality is good. They just forward me the link and I buy from the distributor directly.

Based on the interviews with distributors and observations online, distributors also admit that the key to sustain and expand the business is to encourage repeated purchases and word of mouth.

Moreover, customers use the same vocabularies to discuss counterfeit products with their friends. When we interviewed a customer, she shared with us of her conversation with her friend who recommended the distributor to her:

> Sellers often tell you frankly that these products are counterfeit products. I heard from my friend that counterfeit can also be divided into A, super A and so on based on the quality. Super A should be exactly the same as the genuine one. You can compare them directly. The price of Super A product is pretty high but still, much lower than the genuine one. The genuine product is expensive mainly for its brand name, that's the extra money you paid for.

These conversations experienced customers have with their friends help the spread of the peculiar languages and facilitate potential customers' understanding about the business.

The recommendations from existing customers help distributors to expand their business. It also fastens the process of persuading newcomers to adopt the practices and carry out exchange. As a customer said, "It takes lots of time to choose one store to buy. For example, your friends can recommend you. It is better to stick to that one."

In sum, by actively managing the crew who can faithfully interact with each other and guiding new customers to approach the trusted distributors, institutional workers, including both distributors and experienced customers, strengthen the boundary of the industry that facilitates institutional stability.

7. DISCUSSION: THEORETICAL CONTRIBUTIONS AND IMPLICATIONS

In this chapter, I elaborate on the analysis to articulate the theoretical and practical contributions of this research as well as outline an agenda for future research. I begin with an unexplored question in organization and management theory: how a shadow institutional field is maintained. To answer this question, I draw on a qualitative case study of the counterfeit luxury industry in Guangzhou China and investigate how actors work to ensure the continuity and reproduction of the institutional order. From the data analysis, I develop a process model that delineates the maintenance process in a shadow institutional field, where strong mechanisms such as rule enforcement and socialization pressure are absent. It is a distinctive maintenance process that contributes to our understanding of institutional maintenance and institutional field.

7.1 Theoretical contributions

In developing the arguments, this research makes five contributions. First, by exploring the maintenance process in a shadow institutional field, this thesis highlights how field types shape institutional maintenance. It adds the nuances of how the features of fields impact institutional processes. Second, I develop a model of how actors maintain a shadow institutional field. Specifically, I build a framework that focuses on how actors address challenges to reproduce institutions in a field where legal enforcement and socialization pressure are missing. I show that rather than hiding the uncertainties that are attached to the shadow institutional field, institutional workers openly discuss and rationalize the potential problems, increase newcomers' confidence about the field and also their confidence in institutional workers who can help them minimize the uncertainties. Third, in terms of managing breakdowns, one of the most significant themes in institutional maintenance, this

research illustrates how breakdowns can be managed when they are caused by institutional workers. I demonstrate a more complicated and less linear process compared with the ones delineated in the current studies. Fourth, I highlight the role of boundary management in institutional maintenance. In this case, boundary management is not conducted by authorities or professional associations but a collective effort of actors by selecting and signaling who to interact and coordinate in a field. Fifth, this thesis also theorizes shadow institutional field as a new type of institutional field that has been missing from the current field studies. It offers a starting point for scholars to start the conversation of organizing processes in illegal contexts.

7.1.1 Field types and their impact on institutional maintenance

Given the assumption of that institutions are reproduced automatically, the process of institutional maintenance was largely overlooked (Dacin et al., 2010; Lok & de Rond, 2013). In recent years, the increasing attention to institutional maintenance has offered rich insights about how actors conduct institutional work to facilitate reproduction of institutions. Still lacking, however, is the discussion of how the features of fields impact maintenance process. Fields are different in terms of their overall purposes, the boundaries, and the configurations of memberships (Hinings et al., 2017; Zietsma et al., 2017). Institutional theorists have acknowledged that the types of institutional fields have a significant impact on institutional processes (Zietsma et al., 2017). However, these studies only focus on institutional fields that operate within legal boundaries and how field types impact institutional changes. By moving our attention to the fields outside legal boundaries, I demonstrate how the nature of a shadow institutional field shapes its maintenance process.

In the current studies of institutional maintenance (e.g., Dacin et al., 2010; Lok & de Rond, 2013; Siebert et al., 2017), scholars have explored and examined institutional

maintenance in highly institutionalized environments, where memberships are explicitly defined and relationships among actors are well elaborated. Under such condition, actors in these fields have mutual awareness of each other and understand the appropriate patterns of interactions that form a common enterprise (Hinings et al., 2017; Maguire et al., 2004: 659; Zietsma et al., 2017). The overlapped and mutually reinforcing sets of institutions (e.g., meanings, practices, identities, and governance mechanisms) enforce and guide actors' practices that bind them together and prevent change (Hinings et al., 2017).

In the cases of rituals of Cambridge dining and member selection system of Cambridge boat club, newcomers are immersed into an environment that different institutional elements in these fields guide their behaviors via both formal and informal mechanisms (Dacin et al., 2010; Lok & de Rond, 2013). In formal institutional fields, institutional workers are able to create authorities and rules to protect the existing institutional order. They can leverage formal mechanisms to regulate behaviors directly and reinforce the normative and cultural-cognitive foundations of fields in a public sphere. These maintenance processes depend on well-established institutional elements and mechanisms in these fields.

This research investigates a shadow institutional field and suggests that the process of institutional maintenance is highly contingent on the types of field. Different types of fields have different purposes and institutional elements available to facilitate compliance. To be specific, except for the common purposes that actors aim to achieve collectively in a field such as coordination and exchange, the priority of shadow institutional fields is to keep actors and their activities undetectable from authorities. It is the fundamental assumption for these fields to survive. In this case, in order to keep their activities under the radar, counterfeiters coordinate in a fragmented structure that allows them to remain a small scale of operation. To ensure the safety, actors interact in a unique way to work together and achieve their collective

objectives that institutional workers need to ensure the enactment of the unique institutional order.

A prominent challenge of institutional maintenance emerged from this case is the uncertainties and risks. Because of their illegality, shadow institutional fields also have limited governance mechanisms, ambiguous rules, and loose membership criteria that increase the uncertainty about whether each actor can perform their roles as expected and coordinate with each other faithfully. When formal governance mechanisms are absent, it means that no common standards of practices and behaviors can be enforced. It is challenging for actors to choose who to interact and whether they can be trusted. For example, customers may face the risks of being scammed by 'distributors' who do not even hold any products. The uncertainties attached to a shadow institutional field clearly create unique challenges to maintain institutions.

Thus, the type of fields does not only impact the institutional process regarding its space and scope (Zietsma et al., 2017), but also determines the focus of maintenance work and the strategies and resources available to institutional workers to use. By highlighting the features of a shadow institutional field and how they impact institutional maintenance, I also respond to the call of taking the field types into consideration when exploring institutional process (Zietsma et al., 2017). Because of different features of fields, the current theory of institutional maintenance developed based on cases of formal institutional fields has limited power to explain the persistence of shadow institutional fields.

TABLE 5 [5]

Comparisons of approaches to institutional maintenance

Approaches	Emplacement, enactment and enchantment of space	Custodian work, reflexive normalization and negotiation	Rituals and custodian work	Orchestrating exchange and minimize uncertainties
Empirical example	Siebert, Wilson and Hamilton	Lok and de Rond	Dacin, Munir and Tracey	This paper
Field types	Professional exchange field (legal)	Professional exchange field (legal)	Professional exchange field (legal)	Shadow institutional field (illegal)
Purposes of the field	Control practices	Control practices	Control practices	Hide from authorities; achieve exchange and coordination
Space to conduct institutional work	Public	Public	Public	Mostly private
Mode of maintenance	Maintenance of closure and reproduction of the social order	Restore the breakdowns to preserve the organizing principles	Repeated enactment of roles and boundaries; taking norms and values that reproduce them in other settings	Relying on institutional workers to orchestrate exchange and eliminate uncertainties
Coping with breakdowns	Enforce compliance	Enforce compliance	Enforce compliance	Reinforcing what constitute as breakdowns and keep the targets' faith to this field
Boundary management	Clear signals that distinguish insiders and outsiders	N.A.	Clear signals that distinguish insiders and outsiders	Ongoing processes of dropping unqualified actors

[5] This table is adopted from Hampel, C. E. & Tracey, P. 2017. How organizations move from stigma to legitimacy: The case of cook's travel agency in Victorian Britain.

7.1.2 The micro-processes of maintaining a shadow institutional field

The primary contribution of this research is to build a model of how a shadow institutional field is maintained. Without the support from strong mechanisms such as rule enforcement and socialization pressure, institutional workers need to take an approachable method to ensure the enactment and reproduction of institutional order. This research demonstrates that situated in a fragmented structure and challenged by the uncertainties attached to the institutional order, institutional workers seek to build confidence, establish a safe space, shield the space and demarcate the boundaries. These forms of institutional work encompassed in this account facilitate institutional maintenance through minimizing the perceived and actual uncertainties that make coordination possible and desirable. This research thus illustrates a different process of institutional maintenance from the current literature.

Researchers have suggested several powerful maintenance mechanisms such as custodial work, rituals and enchantment (Dacin et al., 2010; Lok & de Rond, 2013; Siebert et al., 2017). These mechanisms enforce the targets to simply perform institutions and prevent them from questioning or showing concerns toward the practices, even when the targets feel 'uncomfortable' or 'quirky' about these practices (Dacin et al., 2010; Lok & de Rond, 2013). Strong mechanisms to enforce compliance aim at facilitating the targets to repeatedly enact institutions until the targets take them for granted and automatically perform them.

In shadow institutional fields where the law and strong socialization pressure are missing, how do institutional workers 'enforce' the institutional prescriptions and protect the continuation of institutional order? Institutional workers in shadow institutional fields do not have access to central positions (Farjoun, 2002), communication networks (Lounsbury, 2001), or legitimacy (Phillips, Lawrence & Hardy, 2004), which seem to be essential for

them to be able to maintain institutions. The current studies fall short to provide sufficient explanation of the mode of maintenance of a shadow institutional field.

Drilling down into the specifics of the process model, there are two main sets of institutional works differed from the ones in current maintenance studies. First, this case shows that institutional workers explicitly share and rationalize the institutional order that is perceived to be risky and uncertain to the targets. They try to deflect customers' attention from them by offering alternative ways that customers can use to interpret counterfeit business. This set of work aims at setting up the appropriate expectations, making sense of the uncertainties and also encouraging customers to assess counterfeit products in a positive light. Unlike previous studies that do not provide any space for the targets of institutional work to question the institutions, this model suggests an alternative route: institutional workers are honest about the uncertainties attached to the field and rationalize them by framing them as necessary and unavoidable.

This process is further accomplished by establishing a safe space that institutional workers eliminate the uncertainties perceived by the targets. It acts as the backbone of this maintenance process. Embedded in a field with great uncertainties, institutional workers establish a safe space that they orchestrate the exchange among partners with the purpose of ensuring their enactment of institutions while reducing targets' concerns about these uncertainties. Without formal governance mechanisms that are portrayed as the foundation of institutional stability, it is reasonable to predict that actors in a shadow institutional field would be free from constraints and behave opportunistically that creates anarchy. In an emerging formal field, for example, a thriving community named mixmonsta.com disappeared overnight because of the collaboration between strangers without formal governance mechanisms (Jarvenpaa & Lang, 2011). In this case, it is true as some "distributors" try to scam customers by falsely exaggerating the quality, charging a high price

for low-quality counterfeit products. Establishing a safe space provides a critical impetus of institutional maintenance. This safe space is constituted by institutional workers' efforts that aim to reduce the uncertainties and signal their capability and willingness to do it. Even in reserve situations, in such space, customers can rely on distributors to help them solve problems. By doing so, I also respond to the call of examining "whether and how institutional maintenance processes operate in more mundane and more fragile institutions" (Lok and de Rond, 2013: 205).

7.1.3 Breakdowns and institutional maintenance

Breakdowns refer to the discrepancies between the expectations and the real experience of actors that temporarily disrupt the flow of practices (Yanow & Tsoukas, 2009). Breakdowns threaten institutional stability because they interrupt the flow of practices that are interdependent with each other, prevent the realization of organizing principles and potentially prevent the fulfilment of the overall objective of a field. Thus, coping with breakdowns is a significant process of institutional maintenance. In this case, breakdowns, interestingly, are often triggered by institutional workers themselves rather than the targets of institutional work. In the grounded model, I demonstrate how such breakdowns are managed and develop a number of important insights from it.

Previous studies mainly focus on how institutional workers cope with breakdowns caused by other actors, the process of which is depicted as linear and straightforward. These studies assume that institutional workers not only are fully committed to the institutions but are able to perform the expected roles. Institutional workers are assumed to have sufficient resources and skills to guard the implementation of institutions. For example, during the formal dining in Cambridge, Porters or Manciples, acting as the custodians of traditions,

monitor and correct students' behaviors to ensure the conformity of norms (Dacin et al., 2010). Lok and de Rond (2013) focus on both minor and major breakdowns caused by students and the forms of institutional work conducted by the coach and the College or the University who are able to ensure the stability of institutionalized selection system. Usually, correcting behaviors straightforwardly would not be a problem as most of the institutional workers and their activities are supported and enabled by a highly institutionalized order.

By contrast, this case illustrates how institutional workers address the breakdowns that are caused by institutional workers themselves. While breakdowns caused by other actors impact the flow of practices thus threatens the continuation of institutional order, breakdowns caused by institutional workers not only disrupt the flow of practices but also shake the foundation of maintenance mechanisms. They threaten institutional stability in a different but more profound way. The failure of institutional workers to deliver their promises raises doubts about the credibility of institutional workers, thus the institutions.

To manage breakdowns caused by institutional workers, rather than regulating behaviors directly as a form of control as previous literature suggests, this model demonstrates a different process. Institutional workers minimize the breakdowns' influence on their credibility by allocating blame to other actors in the field while carefully framing the causes of breakdowns as justifiable and understandable in a shadow institutional field. For example, when breakdowns happen, distributors protect their credibility by blaming the suppliers or delivery. At the same time, they provide explicit explanations to justify these breakdowns in order to encourage customers to interpret these breakdowns as temporal and unavoidable (e.g., delayed delivery from suppliers because they close the factory temporarily to avoid detections). It is necessary because if customers start to double the idea of counterfeit business and whether this business can be trusted, they may not be willing to continue the exchange. In addition, during this process, institutional workers pay extra

attention to customers' reactions toward the breakdowns. Some of their reactions, such as reporting the breakdown to eBay, might expose the business to authorities.

Rather than treating breakdown management as a linear and straightforward process, this work suggests a more complex and less linear picture of coping with breakdowns. When institutional workers cannot deliver the promises, they need to not only bring the practices back to the institutional scripts, but also protect the legitimacy of institutional order.

7.1.4 Boundaries and institutional maintenance

Implicit in institutional maintenance is the assumption that a field has strong boundaries that facilitate the reproduction of institutions. As noted, the boundary in this research concerns with the boundary of an institutional field, within which actors share "a common meaning system and whose participants interact more frequently and faithfully with one another than with actors outside the field" (Scott, 2001: 56). It distinguishes internal and external actors (Lamont & Molnar, 2002; Zietsma & Lawrence, 2010). Strong boundaries are usually controlled and protected by authorities or professional associations through practices such as licensing practices. These processes not only ensure that actors have the capabilities to enact institutions but also offer signals to others to distinguish insiders and outsiders of a field. In this case, boundary management is an ongoing effort rather than creating mechanisms to strengthen boundaries in an automatic way.

Managing boundaries is especially significant for shadow institutional fields as the boundaries provide protection for the institutional orders that are at odds with the broader environment (Seo & Creed, 2002). Within the boundaries, actors come to agree upon their reality about the field and follow the institutional order that allows them to develop relationships and interact with each other (Zietsma & Lawrence, 2010). In this case, no

governments or professional associations have the authority and control over the boundaries of the field. In addition, no clear symbols such as certificates are available to indicate who are legitimate actors that can be trusted. The counterfeit industry could slide into anarchy if actors do not manage the boundaries.

To be specific, this case shows that institutional workers actively and intentionally exclude the actors who carry different norms, beliefs and values. It is a process of social control without 'control.' For example, if customers cannot reach an agreement with distributors and create more chaos that signals their suspicions about the business, distributors drop customers directly, despite the difficulties for distributors to reach new customers. If suppliers cannot perform as expected, distributors also drop them without hesitation as the incapability of suppliers to enact institutional prescriptions directly influences whether distributors can successfully orchestrate the exchange. Excluding actors who cannot perform institutions reduces the possibilities of overt conflicts and breakdowns that disturb the reproduction of institutions.

Moreover, this case suggests an intriguing aspect of this process about how institutional workers help newcomers to avoid bad apples in a field. It is achieved by exchanging experience with new customers of how to distinguish unqualified distributors and guide newcomers to exchange with the moral ones. It facilitates institutional maintenance by spurring the process of socializing newcomers into the institutional system and preventing newcomers from approaching bad apples. Actors who are not able to perform as expected might disappoint customers, who can spread bad words of mouth about the industry that makes moral distributors even harder to justify for the business.

This research extends the idea of the boundary's role in institutional maintenance by illustrating a different set of dynamics of how boundaries protect the autonomy that

contributes to institutional maintenance. In previous studies, boundary management is mainly conducted by professional associations and authorities who can provide clear signals to distinguish insiders and outsiders and exclude unqualified actors (Lamont & Molnar, 2002; Siebert et al., 2017; Zietsma & Lawrence, 2010). This case shows a collective effort from actors who do not have the power to do so. They work on the boundaries by deciding who to interact with. Boundaries are strengthened by focusing on the coordination with partners who can coordinate with each other faithfully and protect the enactment of practices thus institutional maintenance.

7.1.5 Shadow institutional field: A new type of institutional field

Shadow institutional field is distinct from other types of fields conceptualized in Zietsma et al. (2017)'s paper. The overriding purpose of shadow institutional field, including all subtypes, is to survive under the radar of legal system, which shapes institutional processes that cannot be explained by the current understanding of formal institutional fields. Raising attention to this type of field encourages scholars to recognize the existence of the shadow side of society and understand what drives its persistence. The conceptualization of shadow institutional field also responds to the call to make institutional theory relevant to social issues (Hampel et al., 2017).

Furthermore, in their seminal paper, Zietsma et al. (2017) argue that when a field is deemed as less established with limited institutional elements, it is fragile and has a strong tendency to change. Change is also the main dynamic that scholars try to understand. However, in a shadow institutional field, its illegal nature limits its capability to develop institutional elements to stabilize the field. Rather than focusing on change, in a shadow institutional field, the maintenance process is noteworthy.

Of course, there are other types of subfields under the label of shadow institutional field regarding their purposes. In this research, except for keeping the field safe, the main collective objective of actors is to achieve exchange and coordination. For the shadow institutional field that contains terrorism activities, the main objective is to promote certain ideologies or support political requirements. For example, Islamic State of Iraq and the Levant, known as the ISIS, has a political goal of building a Sunni Islamic state. The differences among subtypes of shadow institutional field should be considered as they also impact the institutional process.

I believe theorizing shadow institutional field and exploring how it impacts institutional processes are significant in both theory and practice. Institutional maintenance only serves as a starting point. The conceptualization of shadow institutional field has a potential to suggest more scientific implications for the broader management and organizational literature such as relationships between different fields, institutional entrepreneurship, social enterprise and studies on wicked problems.

7.2 Practical implications

7.2.1 Insights from the theoretical model: Tackle shadow institutional fields

For policymakers and other relevant stakeholders, to address the problems caused by illegal activities that can be categorized as shadow institutional fields, the first step should be understanding these fields as much as possible, especially the factors that allow them to sustain when they are against the mainstream norms and rules and have limited access to resources. Enforcing and dictating behaviors by the law might not be the most feasible and effective approach to curtail these activities. By simply enforcing the law, we assume that

actors who conduct illegal activities are isolated. We also assume that enforcement and punishment can forbid or change behaviors.

This research reminds us of the possibility and significance of collective efforts that sustain illegal activities that have become institutionalized part of society. As an institutional field, these actors carry normative and culture-cognitive elements that can legitimate and enable their activities. For regulatory agencies, leveraging formal regulative mechanisms might not be sufficient to tackle these issues. This research suggests that policymakers should evaluate long-sustained illegal activities from an internal point of view by exploring the specific mechanisms and institutional work that actors conduct to maintain these activities. These efforts and mechanisms are the building blocks that prevent change initiated by regulatory agencies. Such understanding enables policymakers to generate interventions accordingly rather than simply relying on sanctions.

Thus, the transformation of shadow institutional fields needs to be championed by institutional entrepreneurs, who have the capabilities and skills to conduct institutional work to deinstitutionalize the existing institutional order and establish a new one (Tracey et al., 2011). The research provides the understanding of one type of institutional order and the mechanisms to reproduce it. Institutional entrepreneurs can leverage this knowledge and work to shift the norms and meanings shared in these fields through, for example, a skillful use of language, credible people to disseminate information to reconstruct a new and legitimate institutional order. Institutional entrepreneurs should consist of multiple stakeholders, who can take collective actions based on their roles in society and their unique resources and capabilities.

7.2.2 Implications to anti-counterfeit strategies

Since this thesis draws on the case study of the counterfeit luxury industry, it provides some explanations of why the current anti-counterfeit strategies are not sufficient to tackle this issue. It also has some direct implications to the discussion of anti-counterfeit strategies.

Currently, regulatory agencies and brands, as well as some industry associations concerned with counterfeit issues, have started to coordinate with each other to address counterfeit phenomenon. Although brands have invested significant resources in anti-counterfeit activities, trade in counterfeit products remains prominent. This case provides some explanations of why these actions fail to make a real impact. First, the counterfeit industry is resilient because of its unique and fragmented structure. If one player fails for commercial or legal reasons, they can be replaced easily without causing the network to collapse. The actions of detecting and cracking down on counterfeit factories merely stop a few manufacturers or distributors but they do not pose a significant threat to this industry.

Second, the negative consequences of purchasing counterfeit goods highlighted in brands' official website are not directly relevant or obvious to consumers. Brands aim to minimize the demand for counterfeit goods by claiming that counterfeit business supports criminal activities. They also claim that counterfeit activities violate the rights of the artists and designers. Such information mostly is posted on one page of brands' official websites where normal customers are not motivated to visit. For consumers, this information is not prominent nor convincing. Compared with the promotion message conducted by counterfeiters such as the better value that counterfeit products provide with evidence, the counterpoints provided by genuine brands are not clearly sufficient.

Based on a better understanding of how counterfeit industry works and sustains provided by the case, I develop a number of implications to anti-counterfeit strategies. For

regulatory agencies, rather than dictating behaviors or enforcing regulations, maybe a better way to address counterfeit issues is to create an enabling and enticing environment that encourages counterfeiters to be more motivated to join formal businesses. In other words, regulatory agencies should encourage the development of other business opportunities and frame them in a more attractive and accessible way for people to join. Especially in the region that is famous for counterfeit production, as some counterfeiters have developed sufficient capabilities and resources to produce decent goods, maybe the government could work with brands who are interested in leveraging counterfeiters' skills and capabilities and involve them into formal businesses. Of course, a strong enforcement is still required for the purpose of increasing the perceived risk of joining counterfeit trade.

For brands, they may consider communicating with not only their current customers but also potential customers or customers who are interested in luxury products but may not have enough financial capability to purchase. Brands should lead customers to interpret counterfeit products in a way to emphasize that they cannot satisfy all the customers' needs that can be gained from purchasing genuine luxury products. To be specific, counterfeit distributors focus on the quality of counterfeit products to convince customers to buy, as the similarity and quality of counterfeit products provide the access to the design and functions of genuine luxury products to customers (Bardhi and Eckhardt, 2017). However, the identity value that luxury brands provide does not exist in the non-deceptive consumption of counterfeit products. In other words, consumers would not be able to identify with counterfeit products and think of them as part of the self. By highlighting the value of luxury products that the counterfeit ones certainly cannot provide and consolidating what luxury means to a wider group of consumers, brands might be able to reduce the demand of counterfeit products. At the same time, government could also facilitate a consumption environment by framing

purchasing counterfeit products as unethical behaviors to keep consumers away from purchasing counterfeit products.

For customers, this research demonstrates how counterfeit distributors can impact their decision making. Increasing consumers' awareness of counterfeit distributors' intention might help them make better decisions in the future. In this case, counterfeit luxury bags and clothes do not pose direct physical and mental threats to consumers. However, because of lack of standards and legal enforcement, other types of products such as counterfeit car parts and counterfeit electronic devices, which are also very common in the market, can be dangerous for consumers to use (Intellectual Property Office, 2018). In these markets, counterfeit distributors might use similar tactics to convince customers through, for example, claiming that these counterfeit products can provide the same functions as the genuine products provide in a much lower price. For consumers, purchasing the products that might not adhere to safety standards can be risky. Consumers should be more cautious when making decisions to purchase counterfeit products.

7.3 Transferability beyond the counterfeit industry

I believe that the counterfeit luxury industry in Guangzhou China constitutes an excellent setting for generating a new theory of institutional maintenance. The interesting aspect of this case is that because of its illegality, no legal enforcement or socialization pressure is present within the field to enforce compliance of the institutional order. As such, it is an "extreme" setting that represents a powerful instance of institutional maintenance (Patton, 2002). Simultaneously, the uniqueness of this case raises the concerns about the transferability of the theory (Lincoln & Guba, 1985). In other words, as a single-case study, is the emerging theoretical insights can only be applied to the counterfeit industry? I believe the

theoretical insights emerged from this case can be transferred beyond the counterfeit industry and help with explaining other phenomena with similar features. Specifically, I propose two boundary conditions.

The first boundary concerns the types of shadow institutional fields. As I suggest in the contribution part, different forms of shadow institutional fields exist, and they have different purposes. The findings in this research can be applied to the shadow institutional fields that are commercial in nature, legitimate to certain groups of the audience and have an objective of coordinating and exchanging with other actors, such as illicit wood trade and illicit wildlife trade. However, for the fields with different purposes such as terrorist groups that promote an ideology, actors involved in the fields might have different priorities and means when it comes to institutional maintenance.

The second boundary condition concerns the degree of the harm carried by a shadow institutional field. As authorities have limited resources, they have their priorities when trying to address illegal activities based on the degree of the harm caused by them. This model applies especially to the fields with the aim of conducting exchange that is illegal but does not attach harms that threaten people's physical or psychological health. In other words, this means that the applicability of this model may be confined to fields with the ends that are illegal but legitimate. For counterfeit luxury industry, people hold a relatively open mind to join the exchange as these products do not post any threats to people's health. It may be applied partially to the illegal gun market, which is legitimate for buyers. However, as the product might bring physical harm to others and create more societal problems, the legal pressure actors face is stronger and might need extra maintenance mechanisms such as violence to enforce compliance internally to ensure the absolute safety of the field.

7.4 Limitations and future research

This research represents the first step of understanding the organizing process in shadow institutional fields. In this research project, there are several significant questions that I could not give full attention to that inform some opportunities for future research.

First, this research only focuses on internal actors' efforts to maintain a shadow institutional field. External forces that sustain these fields should also be considered. In this case, the data indicates that the maintenance of counterfeit luxury industry relies on the formal institutional fields such as formal manufacturers in Guangzhou. The development of formal manufactures in Guangzhou also depends on the local counterfeit businesses. In addition, based on some marketing studies, the existence of counterfeit luxury industry can also benefit genuine brands because they help educate customers about brands and their products. In Italy, Mafia also supports some legitimate private organizations (Vaccaro & Palazzo, 2015). So, what is the relationship between shadow institutional fields and formal institutional fields? Understanding such relationship is important as the vested interests among different fields might act as one of the main barriers for transforming shadow institutional fields.

Second, it is necessary to explore how a shadow institutional field can be transformed into a formal one. This study demonstrates the mechanisms that sustain shadow institutional fields. Discovering the mechanisms that facilitate the transformation would help policymakers and companies to reduce the substantial cost caused by activities within shadow institutional fields.

Turning shadow fields into formal ones is not straightforward. For example, in some states in the US, the legalization of marijuana has not put an end to the trade in black markets (Kaste, 2018). It is surprising that when sellers have the chance to operate a formal business

that gives them better access to resources, some of them still do not want to give up illicit businesses. It would be interesting to explore what can actually encourage these actors to join formal businesses and transform shadow institutional fields.

Third, shadow institutional fields provide a particularly interesting setting to explore the relationship between issue fields and the fields that constitute "wicked" problems such as income inequality and terrorism (Zietsma et al., 2017). These problems cannot be solved within these fields but require the coordination among members from multiple fields to form an issue field to tackle the problem together. For example, national and regional anti-counterfeiting organizations have formed a network called Global Anti-counterfeiting Network to share information and conduct joint activities in order to deal with specific IP problems caused by counterfeiting activities. The interactions among the fields might offer a solution to "wicked" problems. It would be interesting to explore how these issues fields are set up, how actors from different fields coordinate and how and where issue fields can interact with shadow institutional fields that enables the transformation.

7.5 Conclusion

Starting from the puzzle of how a shadow institutional field is maintained, I develop a process model that demonstrates how actors in a shadow institutional field conduct various forms of institutional work to ensure the continuation and reproduction of institutions. Traditionally, the studies that explore organizing process of illegal activities often aim at illustrating how organization and management theories can be applied to curtail illegal activities. This research takes an insider's view and explores the efforts and actions actors take to sustain shadow institutional fields. It is a significant step towards a thorough and

comprehensive understanding of shadow side of society. I hope this research will open more discussion in this area of inquiry.

REFERENCES

Ansari, S. S. & Pillips, N. 2011. Text me! New consumer practices and change in organizational fields. ***Organization Science,*** 22(6): 1579-1599.

Barley, S. R. & Tolbert, P. S. 1997. Institutionalization and structuration: Studying the links between action and institution. ***Organization Studies,*** 18(1): 93-117.

Bardhi, F. & Eckhardt, G.M. 2017. Liquid consumption. ***Journal of Consumer Research***, 44(3): 582-597.

Battilana, J. & D'aunno, T. 2009. Institutional work and the paradox of embedded agency. I*n:* T. B. Lawrence, R. Suddaby & B. Leca (Eds.) ***Institutional work: Actors and agency in institutional studies of organizations***. Cambridge: Cambridge University Press.

Beckert, J. 2010. How do fields change? The interrelations of institutions, networks, and cognition in the dynamics of markets. ***Organization Studies,*** 31(5): 605-627.

Bertrand, O. & Lumineau, F. 2016. Partners in crime: The effects of diversity on the longevity of cartels. ***Academy of Management Journal,*** 59(3): 983-1008.

Bourdieu, P. 1977. ***Outline of a theory of practice.*** Cambridge University Press.

Bourdieu, P. P. 1993. ***Sociology in question***. Sage Publications (CA).

Bugos, G. E. 1993. Manufacturing certainty: Testing and program management for the f-4 phantom ii. . ***Social Studies of Science,*** 23(265-300.

Camerini, D. 2015. From illegal markets to legitimate businesses: The portfolio of organised crime in europe - counterfeiting. *In:* E. U. Savona & M. Riccardi (eds.) *Final Report of Project OCP – Organised Crime Portfolio.* Trento: Transcrime – Università degli Studi di Trento.

Cassell, C. & Symon, G. 1994. ***Qualitative methods in organizational research: A practical guide.*** SAGE Publications.

Chatterjee, S. & Turnovsky, S. J. 2018. Remittances and the informal economy. ***Journal of Development Economics,*** 133(66-83.

Colver, C. 2016. Alibaba launches latest war on fakes. *Technology*.

Commuri, S. 2009. The impact of counterfeiting on genuine-item consumers' brand relationships. ***Journal of Marketing,*** 73(3): 86-98.

Corbin, J. & Strauss, A. 2014. ***Basics of qualitative research: Techniques and procedures for developing grounded theory.*** SAGE Publications.

Cordell, V. V., Wongtada, N. & Kieschnick, R. L. 1996. Counterfeit purchase intentions: Role of lawfulness attitudes and product traits as determinants. ***Journal of Business Research,*** 35(1): 41-53.

Corley, K. G. & Gioia, D. A. 2004. Identity ambiguity and change in the wake of a corporate spin-off. ***Administrative Science Quarterly,*** 49(2): 173-208.

Creed, W. E. D., Hudson, B. A., Okhuysen, G. A. & Smith-Crowe, K. 2014. Swimming in a sea of shame: Incorporating emotion into explanations of institutional reproduction and change. ***Academy of Management Review,*** 39(3): 275-301.

Currie, G., Lockett, A., Finn, R., Martin, G. & Waring, J. 2012. Institutional work to maintain professional power: Recreating the model of medical professionalism. ***Organization Studies,*** 33(7): 937-962.

Dacin, M. T., Munir, K. & Tracey, P. 2010. Formal dinning at cambridge colleges: Linking ritual performance and institutional maintenance. ***Academy of Management Journal,*** 53(6): 1393-1418.

Davis, G. F. & Marquis, C. 2005. Prospects for organization theory in the early twenty-first century: Institutional fields and mechanisms. ***Organization Science,*** 16(4): 332-343.

Dimaggio, P. J. & Powell, W. W. 1983. The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. ***American Sociological Review,*** 48(2): 147-160.

Douglas, M. 1966. ***Purity and danger: An analysis of concepts of pollution and taboo***. Routledge.

Dover, G. & Lawrence, T. B. 2010. A gap year for institutional theory: Integrating the study of institutional work and participatory action research. ***Journal of Management Inquiry,*** 19(4): 305-316.

Economist. 2015. *Counterfeit.Com* [Online]. [Accessed 25/08 2016].

Farjoun, M. 2002. The dialectics of institutional development in emerging and turbulent fields: The history of pricing conventions in the on-line database industry. ***The Academy of Management Journal,*** 45(5): 848-874.

Fligstern, N. 2001. Social skill and the theory of fields. ***Sociological Theory,*** 19(2): 105-125.

Gambetta, D. 1996. ***The sicilian mafia: The business of private protection***. Harvard University Press.

Gawer, A. & Phillips, N. 2013. Institutional work as logics shift: The case of intel's transformation to platform leader. ***Organization Studies,*** 34(8): 1035-1071.

Gentry, J. W., Putrevu, S. & Shultz II, C. J. 2006. The effects of counterfeiting on consumer research. Journal of Consumer Behavior, 5(3): 245-256.

Giddens, A. 1984. ***The constitution of society: Outline of the theory of structuration***. Cambridge: Polity Press.

Gill, M. J. & Burrow, R. 2018. The function of fear in institutional maintenance: Feeling frightened as an essential ingredient in haute cuisine. ***Organization Studies,*** 39(4): 445-465.

Gioia, D. A., Corley, K. G. & Hamilton, A. L. 2013. Seeking qualitative rigor in inductive research: Notes on the gioia methodology. ***Organizational Research Methods,*** 16(1): 15-31.

Glaser, B. & Strauss, A. L. 1967. ***Discovery of grounded theory: Strategies for qualitative research***. New York: Aldine de Gruyter.

Glaser, B. G. & Strauss, A. L. 2009. ***The discovery of grounded theory: Strategies for qualitative research***. Aldine Transaction.

Goffman, E. 1959. The presentation of self. ***Life as theater: A dramaturgical sourcebook***. New York: Doubleday.

Gray, B., Purdy, J. M. & Ansari, S. 2015. From interactions to institutions: Microprocesses of framing and mechanisms for the structuring of institutional fields. ***Academy of Management Review,*** 40(1): 115-143.

Greenwood, R., Oliver, C., Sahlin-Andersson, K. & Suddaby, R. 2008. Introduction. I*n:* R. Greenwood, C. Oliver, R. Suddaby & K. Sahlin-Andersson (Eds.) ***The sage handbook of organizational institutionalism***. London: SAGE Publications.

Greenwood, R., Raynard, M., Kodeih, F., Micelotta, E. R. & Lounsbury, M. 2011. Institutional complexity and organizational responses. ***The Academy of Management Annals,*** 5(1): 317-371.

Hampel, C. & Tracey, P. 2018. Introducing a spectrum of moral evaluation: Integrating organizational stigmatization and moral legitimacy. ***Journal of Management Inquiry,*** 0(0): 1056492618790897.

Hampel, C. E., Lawrence, T. B. & Tracey, P. 2017. Institutional work: Taking stock and making it matter. I*n:* R. Greenwood, C. Oliver, T. B. Lawrence & R. Meyer (Eds.) ***Sage handbook of organizational institutionalism,*** 2 ed. London: SAGE.

Hampel, C. E. & Tracey, P. 2017. How organizations move from stigma to legitimacy: The case of cook's travel agency in victorian britain. ***Academy of Management Journal***, 60 (6): 2175-2207

Helfen, M. & Sydow, J. 2013. Negotiating as institutional work: The case of labour standards and international framework agreements. ***Organization Studies,*** 34(8): 1073-1098.

Higgins, R. S. & Rubin, P. H. 1986. Counterfeit goods. ***Journal of Law and Economics,*** 29(2).

Hinings, C. R. B., Logue, D. & Zietsma, C. 2017. Fields, institutional infrastructure and governance. ***The SAGE Handbook of Organizational Institutionalism,*** 163.

Hirsch, P. M. & Bermiss, Y. S. 2009. Institutional "dirty" work: Preserving institutions through strategic decoupling. I*n:* T. B. Lawrence, R. Suddaby & B. Leca (Eds.) ***Institutional work: Actors and agency in institutional studies of organizations***. Cambridge: Cambridge University Press.

Hoffman, A. J. 1999. Institutional evolution and change: Environmentalism and the u.S. Chemical industry. ***Academy of Management Journal,*** 42(4): 351-371.

Howard-Grenville, J., Metzger, M. L. & Meyer, A. D. 2013. Rekindling the flame: Processes of identity resurrection. ***Academy of Management Journal,*** 56(1): 113-136.

Hung, C. L. 2003. The business of product counterfeiting in china and the post-wto membership environment. ***Asia Pacific Business Review,*** 10(1): 58-77.

Intellectual Property Office. 2018. Think before you buy - counterfeit vehicle parts. GOV.UK. https://www.gov.uk/government/publications/counterfeit-vehicle-parts/think-before-you-buy-counterfeit-vehicle-parts. [Accessed November11th 2018].

Jarvenpaa, S. L. & Lang, K. R. 2011. Boundary management in online communities: Case studies of the nine inch nails and ccmixter music remix sites. ***Long Range Planning,*** 44(5): 440-457.

Jepperson, R. L. 1991. Institutions, institutional effects, and institutionalism. I*n:* W. W. Powell & P. J. Dimaggio (Eds.) ***The new institutionalism in organizational analysis***. Chicago University of Chicago Press.

Jones, C. & Massa, F. G. 2013. From novel practice to consecrated exemplar: Unity temple as a case of institutional evangelizing. ***Organization Studies,*** 34(8): 1099-1136.

Kaste, M. 2018. *Despite legalization, marijuana black market hides in plain sight* [Online]. National Public Radio. [Accessed September 11th 2018].

Lamont, M. & Molnar, V. 2002. The study of boundaries in the social sciences. ***Annual Review of Sociology,*** 28(167-195.

Lawrence, T., Suddaby, R. & Leca, B. 2011. Institutional work: Refocusing institutional studies of organization. ***Journal of Management Inquiry,*** 20(1): 52-58.

Lawrence, T. B. 2008. Power, institutions and organizations. I*n:* R. Greenwood, C. Oliver, R. Suddaby & K. Sahlin (Eds.) ***The sage handbook of organizational institutinalism***. London: SAGE Publications.

Lawrence, T. B., Leca, B. & Zilber, T. B. 2013. Institutional work: Current research, new directions and overlooked issues. ***Organization Studies,*** 34(8): 1023-1033.

Lawrence, T. B. & Suddaby, R. 2006. Institutions and institutional work. I*n:* S. R. Clegg, C. Hardy, T. B. Lawrence & W. R. Nord (Eds.) ***Sage handbook of organization studies,*** 2 ed. London: Sage.

Lawrence, T. B., Suddaby, R. & Leca, B. 2009. Introduction: Theorizing and studying institutional work. I*n:* T. B. Lawrence, R. Suddaby & B. Leca (Eds.) ***Institutional***

work: Actors and agency in institutional studies of organizations, 1 ed. Cambridge: Cambridge University Press.

Lee, T. 1999. ***Using qualitative methods in organizational research***. London: SAGE Publications.

Leeson, P. T. 2007. An-arrgh-chy: The law and economics of pirate organization. ***Journal of political economy,*** 115(6): 1049-1094.

Leeson, P. T. & Rogers, D. B. 2012. Organizing crime. ***Supreme Court Economic Review,*** 20(1): 89-123.

Levitt, S. D. & Venkatesh, S. A. 2000. An economic analysis of a drug-selling gang's finances*. ***The Quarterly Journal of Economics,*** 115(3): 755-789.

Lincoln, Y. S. & Guba, E. G. 1985. ***Naturalistic inquiry.*** Newbury Park: SAGE Publications.

Locke, K. D. 2001. ***Grounded theory in management research***. SAGE Publications.

Lok, J. & De Rond, M. 2013. On the plasticity of institutions: Containing and restoring practice breakdowns at the cambridge univeristy boat club. ***Academy of Management Journal,*** 56(1): 185-207.

Lounsbury, M. 2001. Institutional sources of practice variation: Staffing college and university recycling programs. ***Administrative Science Quarterly,*** 46(1): 29-56.

Maguire, S., Hardy, C. & Lawrence, T. B. 2004. Institutional entrepreneurship in emerging fields: Hiv/aids treatment advocacy in canada. ***The Academy of Management Journal,*** 47(5): 657-679.

Matos, C. a. D., Ituassu, C. T. & Rossi, C. a. V. 2007. Consumer attitudes toward counterfeits: A review and extension. ***Journal of Consumer Marketing,*** 24(1): 36-47.

Merabiglia, L. 2018. Technology and counterfeiting in the fashion industry: Friends or foes? ***Business Horizons***, 61(3): 467-475.

Merriam-Webster 2018. Merriam-webster dictionary.

Meyer, J. W. & Rowan, B. 1977. Institutionalized organizations: Formal structure as myth and ceremony. ***American Journal of Sociology,*** 83(2): 340-363.

Micelotta, E. R. & Washington, M. 2013. Institutions and maintenance: The repair work of italian professions. ***Organization Studies,*** 34(8): 1137-1170.

Nag, R., Corley, K. G. & Gioia, D. A. 2007. The intersection of organizational identity, knowledge, and practice: Attempting strategic change via knowledge grafting. ***The Academy of Management Journal,*** 50(4): 821-847.

Nia, A. & Zaichkowsky, J. L. 2000. Do counterfeits devalue the ownership of luxury brands? Journal fo Product & Brand Management, 9(7): 485-497.

Nill, A. & Shultz, C. J. 1996. The scourge of global counterfeiting. ***Business Horizons,*** 39(6): 37-42.

O'reilly, K., Paper, D. & Marx, S. 2012. Demystifying grounded theory for business research. ***Organizational Research Methods,*** 15(2): 247-262.

Oecd 2007. The economic impact of counterfeiting and piracy. OECD.

Oecd. 2016. *Trade in counterfeit and pirated goods: Mapping the economic impact* [Online]. Available: https://read.oecd-ilibrary.org/governance/trade-in-counterfeit-and-pirated-goods_9789264252653-en#page4. [Accessed 1st June 2018 2018].

Olsen, J. E. & Granzin, K. L. 1993. Gaining retailers assistance in fighting counterfeiting - conceptualization and empirical-test of a helping model. ***Journal of Retailing,*** 68(1): 90-109.

Patton, M. Q. 2002. ***Qualitative research & evaluation methods***. Thousand Oaks, CA: SAGE Publications.

Phillips, N. & Lawrence, T. B. 2012. The turn to work in organization and management theory: Some implications for strategic organization. ***Strategic Organization,*** 10(3): 223-230.

Phillips, N., Lawrence, T. B. & Hardy, C. 2004. Discourse and institutions. ***The Academy of Management Review,*** 29(4): 635-652.

Phillips, T. 2005. ***Knockoff: The deadly trade in counterfeit goods***. Sterling, VA: Kogan Page.

Phoenixnewmedia 2015. The police in guangzhou has imprisoned 1700 counterfeiters with 160 billion rmb goods. Guangzhou.

Powell, W. W. & Rerup, C. 2017. Opening the black box: The microfoundations of institutions. ***The SAGE Handbook of Organizational Institutionalism,*** 2(

Pratt, M. G. 2008. Fitting oval pegs into round holes:Tensions in evaluating and publishing qualitative research in top-tier north american journals. ***Organizational Research Methods,*** 11(3): 481-509.

Reay, T. & Hinings, C. R. B. 2005. The recomposition of an organizational field: Health care in alberta. ***Organization Studies,*** 3(26): 351-384.

Schatzki, T. R. 2001. Introduction: Practice theory. I***n:*** T. R. Schatzki, K. Knorr-Cetina & E. v. Savigny (Eds.) ***The practice turn in contemporary theory***. London: Routledge.

Scott, W. R. 1991. The new institutionalism in organizational analysis. I***n:*** W. W. Powell & P. J. Dimaggio (Eds.) ***The new institutionalism in organizational analysis***. Chicago: University of Chicago Press.

Scott, W. R. 1995. ***Institutions and organizations***. SAGE Publications.

Scott, W. R. 2001. ***Institutions and organizations***. SAGE Publications.

Scott, W. R. 2014. ***Institutions and organizations: Ideas, interests and identities***. Thousand Oaks, CA: SAGE Publications.

Seo, M.-G. & Creed, W. E. D. 2002. Institutional contradictions, praxis, and institutional change: A dialectical perspective. ***Academy of Management Review,*** 27(2): 222-247.

Siebert, S., Wilson, F. & Hamilton, J. R. A. 2017. “Devils may sit here:” the role of enchantment in institutional maintenance. ***Academy of Management Journal,*** 60(4): 1607-1632.

Simon, H. A. 1997. ***Administrative behavior, 4th edition***. Free Press.

Simonian, H. 2011. Counterfeiting: Silence of the brands hides fight against fakes. *Financial Times* [Online]. Available: https://www.ft.com/content/89366414-8dad-11e0-a0c4-00144feab49a [Accessed 22.09.2016].

Smets, M., Morris, T. & Greenwood, R. 2012. From practice to field: A multilevel model of practice-driven institutional change. ***Academy of Management Journal,*** 55(4): 877-904.

Srivastava, P. 2008. The shadow institutional framework: Towards a new institutional understanding of an emerging private school sector in india. ***Research Papers in Education,*** 23(4): 451-475.

Staake, T., Thiesse, F. & Fleisch, E. 2009. The emergence of counterfeit trade: A literature review. ***European Journal of Marketing,*** 43(3/4): 320-349.

Staake, T., Thiesse, F. & Fleisch, E. 2012. Business strategies in the counterfeit market. ***Journal of Business Research,*** 65(5): 658-665.

Stohl, C. & Stohl, M. 2011. Secret agencies: The communicative constitution of a clandestine organization. ***Organization Studies,*** 32(9): 1197-1215.

Stohl, C. & Stohl, M. 2017. Clandestine/hidden organizations. I*n:* C. Scott & L. Lewis (Eds.) ***The international encyclopedia of organizational communication***. John Wiley & Sons.

Stumpf, S. A. & Chaudhry, P. Country matters: Executives weigh in on the causes and counter measures of counterfeit trade. Business Horizons, 53(3): 305-314.

Suchman, M. C. 1995. Managing legitimacy: Strategic and institutional approaches. ***The Academy of Management Review,*** 20(3): 571-610.

Suddaby, R., Seidl, D. & Lê, J. K. 2013. Strategy-as-practice meets neo-institutional theory. ***Strategic Organization,*** 11(3): 329-344.

Tolbert, P. S. & Zucker, L. G. 1996. The institutionalization of institutional theory. I*n:* S. R. Clegg & C. Hardy (Eds.) ***Handbook of organization studies***. London: SAGE.

Tracey, P. 2011. Entrepreneurship and neo-institutional theory. I*n:* K. Mole & M. Ram (Eds.) ***Perspectives in entrepreneurship: A critical approach***. England: Palgrave Macmillan.

Tracey, P., Dalpiaz, E. & Phillips, N. 2018. Fish out of water: Translation, legitimation, and new venture creation. ***Academy of Management Journal,*** 61 (5): 1627-1666.

Tracey, P., Phillips, N. & Jarvis, O. 2011. Bridging institutional entrepreneurship and the creation of new organizational forms: A multilevel model. ***Organization Science,*** 22(1): 60-80.

Trice, H. M. & Beyer, J. M. 1993. ***The cultures of work organizations***. Englewood Cliffs, NJ, US: Prentice-Hall, Inc.

Vaccaro, A. & Palazzo, G. 2015. Values against violence: Institutional change in societies dominated by organized crime. ***Academy of Management Journal,*** 58(4): 1075-1101.

Webb, J. W., Bruton, G. D., Tihanyi, L. & Ireland, R. D. 2013. Research on entrepreneurship in the informal economy: Framing a research agenda. ***Journal of Business Venturing,*** 28(5): 598-614.

Webb, J. W., Ketchen, D. J. & Ireland, R. D. 2010. Strategic entrepreneurship within family-controlled firms: Opportunities and challenges. ***Journal of Family Business Strategy,*** 1(2): 67-77.

Wilcox, K., Kim, H. M. & Sen, S. 2009. Why do consumers buy counterfeit luxury brands? ***Journal of Marketing Research,*** 46(2): 247-259.

Woodside, A. G. 2010. ***Case study research: Theory, methods and practice***. Emerald Group Publishing Limited.

Wooten, M. & Hoffman, A. J. 2017. Organizational fields: Past, present and future. I*n:* R. Greenwood, C. Oliver, T. B. Lawrence & R. E. Meyer (Eds.) ***The sage handbook of organizational institutionalism***. London: SAGE Publication.

Wooten, M. & Joffman, A. J. 2008. Organisational fields: Past, present and future. I*n:* R. Greenwood, C. Oliver, R. Suddaby & K. Sahlin-Andersson (Eds.) ***The sage handbook of organizational institutionalism***. London: SAGE Publications.

Wto. 1994. *Part iii — enforcement of intellectual property rights* [Online]. Available: https://www.wto.org/english/docs_e/legal_e/27-trips_05_e.htm [Accessed 25th May 2015 2015].

Yanow, D. & Tsoukas, H. 2009. What is reflection-in-action? A phenomenological account. ***Journal of Management Studies,*** 46(8): 1339-1364.

Yao, J-T. 2015. The impact of counterfeit-purchase penalties on anticounterfeiting under deceptive counterfeiting. ***Journal of Economics and Business***, 80: 51-61.

Yin, R. K. 2013. ***Case study research: Design and methods***. SAGE Publications.

Yoo, B. & Lee, S.-H. 2012. Asymmetrical effects of past experiences with genuine fashion luxury brands and their counterfeits on purchase intention of each. ***Journal of Business Research,*** 65(10): 1507-1515.

Zietsma, C., Groenewegen, P., Logue, D. & Hinings, C. R. 2017. Field or fields? Building the scaffolding for cumulation of research on institutional fields. ***Academy of Management Annals,*** 11(1).

Zietsma, C. & Lawrence, T. B. 2010. Institutional work in the transformation of an organizational field: The interplay of boundary work and practice work. ***Administrative Science Quarterly,*** 55(2): 189-221.

Zietsma, C., Ruebottom, T. & Shantz, A. S. Forthcoming. Unobtrusive maintenance: Temporal complexity, latent category control and the stalled emergence of the cleantech sector. ***Journal of Management Studies,*** 0(0).

Zucker, L. G. 1988. Where do institutions come from? Organizations as actors in social system. I*n:* L. G. Zucker (Ed.) ***Institutional patterns and organizations: Culture and environment***. Ballinger Pub. Co.