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GOVERNANCE CHANGE IN FACILITIES MANAGEMENT: AN INSTITUTIONAL PERSPECTIVES

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Abstract

Governance of a specific field is shaped by not only the instrumental rationality but also the institutional rationality. In this research the instrumental rationality was manifested by the service providers and consultants who played a pivotal role in the construction of new governance in the field of facilities services in the Netherlands. Further, the role of institutional rationality was investigated wherein it was found that the logic of rationalization shaped the governance in the field of facilities services. Moreover, the implication for the explanation of practice variation by institutional theory is discussed.

Keywords: Governance; Institutional Theory; Institutional Entrepreneurship; Rationality.

INTRODUCTION

This research is an attempt to understand the change in governance at the level of the field of facilities services. The supportive services and processes are called facilities services and the management of these processes and services is known as facilities management (FM). The field level analysis examines the changes in the governance at a wider level instead of a particular firm or an inter-firm level. The field includes different organizations such as suppliers of facilities services, service providers, professional associations, consultants, researchers & educators, facilities managers and the clients (organizations) of the service providers or suppliers. At this level, it has been investigated *why* and *how* the governance is changing in the field of facilities services in the Netherlands. A new

governance form labeled as Integrated Facilities Management (IFM) has emerged during the last 10 year or so. IFM is a governance arrangement in which both the execution and management of the facilities services are outsourced to a single service provider.

There are different definitions of governance. According to Williamson (2000) governance is an effort to craft *order*, thereby to mitigate *conflict* and realize *mutual gains*. Jones et al. (1997) state that organizational governance is about the mechanisms used by firms in coordinating economic activity. Governance has also been defined as the package of practices used to regulate lateral relations that extend organizational boundaries or that of organizational units. In this research, a package of practices like governance, which provides order and meaning to a set of activities, is conceptualized as an institution—practices that are fundamentally interpenetrated and shaped by broader cultural frameworks such as categories, classifications, frames, and other kinds of ordered belief systems (Bourdieu 1977; Mohr 2000; Lounsbury and Ventresca 2003; Lounsbury and Crumley 2007).

Research on organizational governance to a substantial extent focuses on understanding changes in organizational design, particularly on changes between markets, hierarchies, and networks (Thornton et al. 2005). However, institutional logics at wider societal levels shape the governance designs and strategies for organizations (Greenwood and Hinings 1993). The field³level analysis focuses on these wider institutional logics, particularly on the role of some institutional entrepreneurs in the process of the social construction and institutionalization of IFM.

A review of extant literature in accounting & control drawing upon ITS reveals that there has been much emphasis on the adoption and diffusion of ‘given’ organizational constructs⁴ with little attention being paid to the emergence and development of new constructs. An institutional perspective from ITS focuses on the adoption of ‘new’

³The term field or field level or organizational field means the domains of organizations that in aggregate constitute a recognized area of institutional life, such as key suppliers, resource and product consumers, regulatory agencies and other organizations producing similar services and products (DiMaggio & Powell, 1983) or a community of organizations that interact frequently and fatefully with each other (Scott, 1995) or institutional logics or broad belief systems (Friedland and Alford, 1991). But more than just a collection of influential organizations, a field is the center of common channels of dialogue and discussion. This important clarification leads to a conception of organizational fields that diverges from that dominant in the literature. A field is not formed around common technologies or common industries, but around issues that bring together various fieldconstituents with disparate purposes (Hoffman, 1999, p.352). In this research organizational field comprises all the organizations which are somehow or the other connected to IFM (a governance form).

⁴ The word ‘organizational construct’ means an organizational form as well as a governance / management control structure.

institutions at the level of a specific organization or organizational relationship though such characterization of ITS has been criticized as a caricatured version of ITS (Lounsbury, 2008). Whereas a rational choice perspective emphasizes efficiency considerations and reveals conscious rational decision making at the level of the specific organization or organizational relationship, and ITS perspective emphasizes legitimacy considerations and views the adoption and diffusion as more or less isomorphic. Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions (Suchman 1995; p.574). Our study, however, does not focus on the diffusion and adoption side of 'new' institutions (governance in this case), but on the construction side. It seeks to gain knowledge on how a package of practices in the area of governance is socially constructed at field level. Therefore, the focus of this part of the study is on construction at field level (O'Dwyer et al., 2011) rather than on adoption at organizational level and thereby adding to a limited number of ITS based studies in accounting that focused on the field level (Examples include Dillard et al. 2004; Ezzamel et al., 2007; Hopper and Major 2007; O' Dwyer et al. 2011). Related to the research focus, special consideration will be given to the path creating and path changing individuals or organizations to whom this research refers as the institutional entrepreneurs (Garud et al., 2007). Instead of treating organizations as a-rational and passive entities (Lounsbury, 2008) that have no potential to bring about institutional change (i.e. the creation or construction of new practices or the de-institutionalization of an existing institution of governance), organizations are assumed to inhabit agents with path breaking capabilities. In other words, the aim is to study how and why a 'new' governance gains acceptance in the field of FM.

This research is unique in the sense that it focuses not only on the instrumental rationality (active agency of some powerful actors, in response to the institutional pressures) but also the institutional rationality (the influence of institutional logics, i.e. broader cultural beliefs and rules, that structure cognition and decision making of the actors) (Lounsbury, 2008). By doing this, the research explains the how and why of the governance change in the field of FM in the Netherlands. The field research reveals that some actors transcend the organizational field boundaries and they are connected to other national and transnational

fields. These actors bring changes in the governance in the field of FM in the Netherlands. These field-crossing actors are multinational organizations; they include client organizations, service providers, consultants and professional associations. Two of these field-crossing actors (service providers and consultants) got the identity of institutional entrepreneurs because they actively participated in the social construction of IFM in the field of FM in the Netherlands. The local service providers and consultants proved to follow the international ones. The professional associations provided the stage to disseminate the ideas *inter alia* through conferences and publications. Moreover, the initial adopters of IFM (international client organizations) were drawn upon to narrate their success stories to further reinforce the concept. So, the social construction of IFM can broadly be explained by instrumentally rational behavior of institutional entrepreneurs i.e. service providers and consultants. But why are the actors behaving in such a way? The thesis seeks to answer this question by drawing on the concept of institutional rationality that emphasizes the role of institutional logics in guiding the cognition and decision making of the people and organizations. Through historical analysis of the academic and professional literature in the field of FM in the Netherlands in combination with interviews, the research reveals that the field of FM has been dominated by the ‘logic of rationalization’ (reduction of costs) that is in turn connected to broader logics of shareholders value (market) and profitability (corporation). This logic influences all the participants in the field of FM including the institutional entrepreneurs. It is analyzed that the ‘logic of rationalization’ has been reinforced over time by the ‘performativity’ of theories of the value chain, lean and mean production, emphasizing the legitimacy of outsourcing. It is suggested that the ‘logic of rationalization’ has further been reinforced by the competition and financial crisis over time.

The research also finds out that different forms of governance may survive and thrive because of their consistency with one dominant institutional logic in the organizational field. This deviates from prior research (Lounsbury and Crumley, 2007) which attributes the emergence of new practices to change in institutional logics. This research shows that a new practice can emerge without change in the dominant institutional logics.

The paper is organized as follows. Section 2 discusses the facilities services, FM and developments in the field of FM in the Netherlands. Section 3 explains the research

methodology and methods. Then section 5 describes and analyzes the field of IFM. The last section provides conclusions, limitations and suggestions for future research.

Governance Developments in the Field of Facilities Services in the Netherlands

Facilities services. Facilities services are all those services that support the core operations of any organization. Broadly speaking, services that belong to any discipline or function that are not directly related to the core operations of the organization are all facilities services. In this sense, human resource management or the accounting function are both facilities services. But in this thesis, the latter functions are excluded and the scope of this thesis is limited to a specific field and type of facilities services. The field is facilities management and some examples of facilities services are given in table 1.

TABLE 1

The Facilities Services

Major type of Service	Description
Office Services	Cleaning, reprographics, reception, parking, planting, data management and office supplies
Projects	Capital works, space management, relocations and change management
Communications	Multi client service desk, mail, telecom, courriers and signage
Hospitality	Catering, conference, audiovisual services, flowers and event management
Building and Environment	Fire prevention system, heating ventilation and air-conditioning (HVAC), environment and safety, repairs and maintenance, water management, energy and utilities management

Facilities Management (FM)

There is a debate on the definition of facilities management (FM) and its scope (De Bruijn et al. 2001). Generally speaking, FM includes managing and controlling some activities that support the primary processes of an organization. A comprehensive definition describes FM "as an integrated approach to operating, maintaining, improving and adapting the buildings and infrastructure of an organization in order to create an environment that strongly supports the primary objectives of that organization" (DeBruijn et al., 2001).

The European Committee for Standardization (CEN) gives a European (presuming Dutch also) definition of FM. According to CEN, FM "is the integration of processes within an organization to maintain and develop the agreed services which support and improve the effectiveness of its primary activities" (EN15221-1:2006 Facility Management-Part 1: Terms and definitions).

In a broad sense, FM is an integrated management approach that perceives its role as being a significant determinant of corporate goal alignment. It provides competitive advantage by a philosophy of focus on core and restructuring. The desired outcome is the saving of senior management time and improvement in effectiveness (Pathirage et al., 2008).

FM is a relatively a new profession (Gilleard et al., 1994; Tay and Ooi, 2001) and it has achieved a foothold as a discipline since 1980s (Ventovuori et al., 2007). The idea of FM as a better way of dealing with facilities and services originated in the USA in the beginning of 1980s and then came to the Netherlands (and the rest of Europe) in the mid-1980s (Brat, 1996; Wagenberg, 1997). It does not mean that FM did not exist before 1980s. But in the 1980s the idea became popular as a new and better way of dealing with facilities services.

Facilities Management (FM) Market Size in the Netherlands

A professional association in the Netherlands called Facility Management Nederland (FMN) and consultant firms jointly publish the statistics of the market of FM in the Netherlands biennially. According to such a market report of 2010, the FM market in the Netherlands was worth €33.6 billion in 2009 but the market has declined as compared to 2007 (€35.5 billion) and apparently, as per said report, the financial crisis had an impact on the market. However, the outsourcing percentage and index have grown over the last decade. Table 2 shows an overview of the FM market in the Netherlands from 2000 till 2009:

TABLE 2

FM Market Size in the Netherlands over the last 10 years

Total Market Share	2009	2007	2005	2003	2000
Market share (x €1,000,000)	€33,623	€35,489	€33,372	€34,625	€34,074
Market shared outsourced (x €1,000,000)	€21,018	€21,546	€19,726	€20,140	€19,408
Outsourcing percentage	63%	61%	59%	58%	57%
Number of employees outsourced	314,684	300,796	287,085	303,653	313,878
Number of suppliers	25,666	24,176	23,164	22,506	22,452
Market growth index total market share	99	104	98	102	100
Market growth index outsourced market	108	111	102	104	100

(Source: De Nederlandse Facility Management Markt 2010)

Developments in the governance of FM. The history of FM in the Netherlands is very old, but the focus of this research is specifically on the changes and developments surrounding the emergence and development of *integrated facility management* (IFM) as a concept. IFM seems to have emerged in the field of FM in the Netherlands during the last 10 years or so. The developments could be studied in different ways. In this study, the focus is on the developments related to different ways of organizing and controlling facilities services. To be more precise, the focus is on developments in the governance of facilities services. The term governance was discussed in detail in introduction. For the purpose of elaborating the presence of different forms of governance and control in the field of FM in the Netherlands, we draw upon Vosselman (2002). He (ibid) discusses different management control archetypes available to a Dutch organization. For the purpose of our investigation we summarize the options for executing and controlling FM as follows:

1. Some facilities services are executed and controlled by a centralized department and many facilities services are executed and controlled locally by several business units. (It is in-house-FM without tight centralized control of FM. Without tight control means the planning and control of FM is not the responsibility of one department).

2. All facilities services are executed and controlled in a central staff unit that may take the form of a cost center (an expense center). Some of the services may be outsourced by the department. This staff department is called a facility management organization. Management of such a department has the responsibility to plan and control the space and other facilities services. This is similar to a tight fit FM organization in which there is one central department close to the board of directors and the main objective is to cut facility costs by standardizing (Becker, 1990).
3. Shared service centers in different forms (internal to the organization or external to the organization)
4. Facilities services organized and managed by each business unit separately (either in-house or outsourced) and there is no central department. This may also be called a loose fit FM organization (Becker, 1990). The above classification (1 to 4) misses the emergence of a latest form of governance which is IFM. During the last 1 ½ decades there has been a development towards the institution of IFM.

IFM market trends during the last decade. Regarding IFM the statistics are shown by the following table 3, extracted from the Netherlands FM Market Report 2010.

TABLE 3

IFM Market Statistics 2000-2009

Integrated Facility Management	2009	2007	2005	2003	2000
Market share (x €1,000,000)	€4,382	€4,629	€4,353	€4,516	€4,444
Market shared outsourced (x €1,000,000)	€104	€51	€35	€26	€17
Outsourcing percentage	2.4%	1.1%	0.7%	0.5%	0.3%
Number of employees outsourced	1,484	1,000	700	420	290
Number of suppliers	16	20	15	11	6
Share of top three suppliers	62%	67%	48%	73%	65%

Integrated Facility Management	2009	2007	2005	2003	2000
Market growth index total market share	99	104	98	102	100
Market growth index outsourcing market	614	302	206	153	100

(Source: De Nederlandse Facility Management Markt 2010)

(Note: market share is based on estimated management fee of facilities. In the calculation of outsourcing market the amount charged by the integrated facility management providers includes only the fees for management. The income from the operational facilities services is not included in the (outsourced) market share.)

The market share of IFM has declined by 5% in 2009 when compared with 2007. This appears to be due to the financial crises. However, there is an enormous growth in the outsourcing percentage and index. Overall the outsourcing index is six times higher in 2009 as compared to 2000. De Nederlandse Facility Management Markt Report 2010 describes that the development towards a demand facility organization has been one of the five major trends since 2007 (Gijsbers et al. 2010, p.102). The demand facility organization (a part of the outsourcing organization) is connected to an organization format in which most operational tasks are performed and managed by external providers and only a few tasks are managed internally (Gijsbers et al., 2010). The next step could be the outsourcing of all operational tasks and may be even more tactical tasks to a single facility service provider, which is called IFM. According to the report, 65% of the facility managers indicate that they view the demand facility organization as an intermediary step towards IFM (Gijsbers and Van der Kluit 2008; Gijsbers et al., 2010). The tactical tasks could include the management of the services provided by the suppliers of facilities services. These survey results indicate that most organizations and facility managers are still at the stage of a demand facility organization and IFM is yet to develop in the future. In this regard, the service providers are more optimistic than facility managers About 76% (78% in 2008) of the service providers expect that facility managers will have more IFM while only 42% (50% in 2008) of the facility managers think so (Gijsbers et al. 2010). The report also reveals that 61% of the facility managers have to reduce cost in 2010 with an average cost reduction target of 10.5%, and 77% of the facility managers select facility service providers based on price. It appears

that most of the decisions regarding the service providers are driven by cost reduction pressures. If IFM can help in getting cost reductions then this IFM might be growing fast in the next 3 years. Moreover, 74% of the facility managers indicate that in three years they will be organized as a demand facility organization. So, the service providers have an opportunity to convince the facility managers and win the contracts of IFM if they could save costs and could create trusting examples before facility managers.

Some big organizations have already adopted IFM. The biggest companies having an IFM contract in 2009 and the beginning of 2010 were KPN, Centocour, Vopak and Dutch Railways (Nederl and seSpoorwegen NS) and the biggest service providers of IFM in 2010 were ArcadisAqumen, SodexoAltys and ISS facility services.

The following figure⁵ (1) shows the IFM at different stages in different countries and the number of Dutch organizations that have already adopted IFM. The picture also gives an overview of the suppliers in Europe.

Research Methodology and Methods

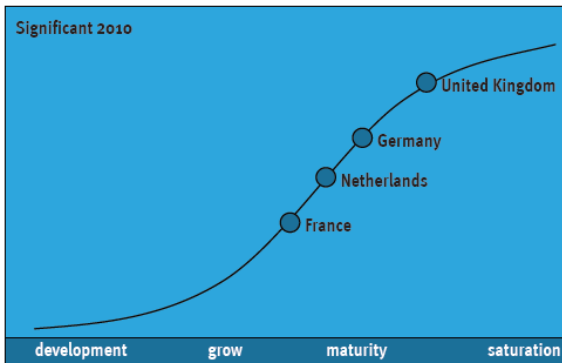
A methodology refers to the choices we make regarding cases to study, methods of data gathering, forms of data analysis, etc., in planning and executing a research study (Silverman 2005; p.99). A method is a specific research technique (such as interviews). The research methodology is the general approach to studying research topics. Methodologies could be broadly classified as qualitative or quantitative. A distinctive feature of qualitative methodology is its assumption about social reality that is assumed to be “*emergent, subjectively created and objectified through human interaction*” (Chua, 1986, p.615; Ahrens and Chapman, 2006). This is different from positivistic research that makes the ontological assumption that “*empirical reality is objective and external to the subject*” (Chua 1986; p.611). Qualitative methodology stresses the understanding of the social world through an examination of the interpretation of that world by its participants (Bryman, 2008).

⁵ Presentation at EruoFM 21-01-2010 by a consultant

FIGURE 1

IFM in the Netherlands and in the Europe

IFM in different countries at different stages



Overview of suppliers in Europe

Actys	ISS
Aramark	JCI
Arcadis Aqumen (<i>Carillion</i>)	JLW
Axima (<i>Suez</i>)	MITIE
Cegelec	Prisma (<i>Vebege</i>)
Compass (<i>Eurest</i>)	Serco Group
Dalkia (<i>EDF/Veolia</i>)	Sodexo
Elior (<i>Avenance</i>)	Stork
Elyo (<i>Suez</i>)	Taylor Woodrow
Facilicom	TramellCrow
Getronics	

Dutch organisations that have adopted IFM

ABB	Daf Trucks	NS Poort
Akzo Nobel	Deloitte	Philips
Albert Heijn Zaandam	Delta LLOYD	Philip Morris
American Express	De Telegraaf	ROC Nijmegen
Astellas	Detentiecentrum R'dam	Sabir
Astra Zeneca	DSM	Sanofi Aventis
Atos Origin	EDS Nederland	SDU
AVR	Enexis	Shell
Belastingdienst Doetinchem	Essent	Strukton
BHP Billiton	IBM	Uni-Invest
BPF Bouwinvest	IBG Groningen	Van Lanschot
Canon	Intel	Vopak
Cisco	Kantoren Fonds Nederland	WTC A'dam
Connexion	KLM	Zwanenburg Food Group
CSC	Martinair	3M

Note: overview is indicative, not limitative

The methodology adopted in this study is qualitative and the study is based on field research. This field research has the following characteristics (Ferreira and Merchant, 1992; p.4):

1. Direct, in-depth contact with organizational participants, particularly in interviews. These contacts provide a primary source of research data.
2. The study focuses on real tasks or processes, not on a situation artificially created by the researcher.
3. The research design is not totally structured. It evolves along with the field observations.
4. The presentations of data include relatively rich (detailed) descriptions of company contexts and practices.

5. The resulting publication is meant for the academic community but some of the field research literature is also easily read and used by practitioners.

In other words this study collects data in the domain ‘field’ and employs ‘qualitative’ methodology” (Ahrens and Chapman 2006; p.821).

The reasons for the research design. The field research methodology was chosen for a number of reasons. Firstly, in a general sense in the scientific discipline of accounting and control there have been calls for more empirical studies that adopt a qualitative research methodology (c.f. Ahrens and Chapman, 2006). Governance happens in the field (Chapman 2007) and it calls for joining the fascinating organizational world (Cooper, 2004). Secondly, the ‘why’ and ‘how’ nature of the research questions (Yin, 2003) and the focus on the processes in the real life context made qualitative field research an appropriate research methodology (Silverman, 2005). Thirdly, the adoption of qualitative field research was important because of its emphasis on the description and understanding of processes, in particular the meanings individuals give to processes in the real life organizational settings (Gephart, 2004; Cooper and Morgan, 2008).

The aim is to contribute to theory by positioning data against the theories through an ongoing reflection on data (Ahrens and Chapman, 2006) while at the same time retaining the context specific information (authenticity) in drawing plausible conclusions (Lukka and Modell, 2010). Theory is both an input for understanding practice, and an outcome. The researcher is part of the process of knowledge production and uses existing knowledge as well as field data to draw plausible conclusions. To a researcher the task is not simply to describe something as given but to analyze it in a specific context. Thus, the field study is not simply empirical but a profoundly theoretical activity which is shaped by the theoretical interests of the researcher (Ahrens and Chapman, 2006). The data was collected through semi-structured interviews, academic research in FM and other field documents. Interview questions were developed from both the extant theoretical knowledge.

Data collection. For the purpose of getting access to potential interviewees the association manager of a professional association in the field of FM, called Facility Management Nederland (FMN), was contacted in October 2009. In order to introduce the

research aims the research process and potential interviewees a meeting was planned with her at the annual general meeting of FMN. A written description of the research (see appendix A) was also sent. This description outlined the aims of the research, the research topics and the questions for interviews. The plan was to arrange interviews with account managers of major service providers, FM managers of the client organizations of each of the service providers, consultants in the field of facilities management and representatives of professional associations in the field of FM in the Netherlands. The association manager of FMN sent the research description to the potential interviewees. But interviewees also had to be contacted through individual emails, arranging interviews with them. The sample letter (email) is shown in the appendix B. All the interviews were recorded on an MP3 player and were subsequently fully transcribed. A commitment to confidentiality was conveyed in the research description document, the emails and during the interview. In total 14 interviews were conducted. The interviewees were managers at 3 different service providers, 3 consultants, 6 facilities managers in different big organizations, 1 representative of FMN and 1 academic. The following table (4) summarizes the interview data collection:

TABLE 4

Interviews with different actors in the field of facilities services

#	Date	Interviewee codes	Position	Duration (minutes)
1	February 2010	LL	Consultant	103 (not recorded)
2	February 2010	JB	Facility manager	97
3	February 2010	DvW	Academic	90
4	February 2010	RL	Consultant	88
5	February 2010	RV	Service Provider	59
6	February 2010	PK	FMN	47
7	February 2010	JF & MvL	Facility manager/ Client Organization	68
8	March 2010	GM	Consultant	75
9	March 2010	DK	Service Provider	83
10	April 2010	LvL	Facility manager / Client Organization	81
11	April 2010	IL	Facility manager	89
12	April 2010	VvH	Facility manager / Client Organization	84
13	April 2010	DvV	Facility manager / Client Organization	72
14	April 2010	UG	Service Provider	81

Documents in different forms were the second source of data collected. In case of the field level research, the documents included the FM market reports in the Netherlands for the year 2006, 2008 & 2010, IFM Market report 2009, and academic literature in FM relating to the Netherlands, etcetera. (See appendix C for the complete listing of field documents). Furthermore the websites of different organizations, (professional associations, consultants and service providers) such as Facility Management Nederland (FMN), European Facility Management Network (EuroFM), the International Facility Management Association (IFMA), Facility Management Excellence and Experience (F-MEX) and Twynstra Gudde, were browsed and data was used for the description and analysis.

Data analysis. The author of this paper transcribed all the interviews. Self-transcription was very useful in creating intimacy with the data and doing the analysis. The transcription of interviews was followed by a coding process which enables the recognizing of important issues in the transcript prior to the process of interpretation (Fereday and Muir-Cochrane, 2006).

There were both deductive codes (derived from the theoretical frameworks) and inductive codes (themes emerging from the participant's discussions) (Fereday and Muir-Cochrane, 2006). The list of codes can be seen in appendix D.

The transcripts were coded and analysed by using the qualitative data analysis software ATLAS.ti. By coding all the material, the software allowed us to manage and organize data that helped in the understanding and analysis of the data. The analysis of the transcribed interviews was done in three sub-processes, that is, data reduction, data display and conclusion drawing / verification (Miles and Huberman, 1994; O'Dwyer 2004). The careful reading and subsequent coding of all the transcripts gave way to the identification of key themes related to the issues of governance at both inter firm and field level. Then code-wise prints of all the transcripts were taken and read more than two times. During the careful reading themes, comments and memos were identified and written by hand on the printed codes and quotations. Then, an extensive comparison of themes across interviewees was done (Miles and Huberman 1994).

The field documents were not coded because of time constraints. Nevertheless, all the relevant documents were read (and themes /ideas were written manually) in order to identify contradictions or inconsistencies (or confirmation) with the interview themes. An effort was made to triangulate the documents and interview transcripts. The documents were also helpful in making tables, diagrams and extracting contextual information. After the reading of transcripts and emergence of different themes, a thick description of the findings was prepared. This process of thick written description involved an in-depth analysis characterised by an iterative back-and-forth movement between data and theory. Most important was to understand what the data meant in a theoretical sense. The credibility of research was enhanced through the use of quotes so that interviewees' voices are heard (O'Dwyer, 2004).

The interviews were conducted in only one round. Nevertheless, the historical analysis of field documents and academic research in FM, pertaining to the last two decades, particularly relating to the Netherlands, helped in understanding the development of governance in the field. The theoretical findings are the results of repeated drafting and analysis and continual referrals to theory and data. Frequent discussions of the results with co-researchers were also an important part of the analysis. Such meetings were formal as well as informal. These informal meetings, lengthy argumentations and reviews among research colleagues developed an inter-subjective consensus (Miles and Huberman, 1994) and were important elements that resulted in refinements of the results of this study.

Governance and Institutional Theory in Sociology (Its)⁶

There is not one institutional theory. There are several branches. Extant research in accounting and control change has drawn upon different branches. Two important branches are important: New Institutional Economics (NIE) and Institutional Theory in Sociology (ITS).

There are two distinct branches of institutional theory that offer different explanations for observed control structures. Institutional economics, particularly TCE (Coase, 1937;

⁶ Here ITS includes both New Institutional Sociology and Old Institutional Sociology. As suggested by institutional scholars, (e.g; Hirsch &Lounsbury 1997) the dichotomy between the old and the new institutional theory is false and misleading one. The new institutional theory is more structure-oriented while old institutional theory is action-oriented. The reconciliation of the two theoretical currents provides a more balanced approach to action-structure duality (Hirsch &Lounsbury, 1997).

Williamson, 1979; Williamson, 1985; Williamson, 2002) offers explanations in terms of efficiency, which means that actors (organizations) are driven by efficiency maximizing behavior. Adoption of a new organizational construct takes place because the organizations want to attain efficiency. ITS, though not exclusively, offers explanations in terms of legitimacy.

NIE. Efficiency as a concept is paramount in NIE, particularly in transaction costs economics (TCE). Origins of TCE stem from Coase (1937) work on the determinants of the boundaries of the firm and prominent work has been done by Williamson (1979; 1985; 1996; 2000). This theory concerns the governance of transactions; it is oriented towards the governance structure as an institutional framework. TCE aims to answer the question why some transactions take place in firms and others in a market or in a hybrid arrangement. TCE responds to the assumption of zero transaction costs in neoclassical economic models (Hira and Hira, 2000). It assumes that markets are efficient governance structures at the outset (Williamson, 1975) and the existence of alternative governance arrangements is explained by transaction costs of markets as governance structures (Vosselman and Van der Meer-Kooistra, 2006). Critical features of efficient governance include three dimensions of transactions and two behavioral assumptions. The dimensions of transactions are uncertainty, asset specificity and the frequency of transactions. These dimensions influence the transaction costs and, thus, the rationality of the governance structure. The behavioral assumptions are bounded rationality and opportunism. Bounded rationality is less than perfect rationality, as people experience limitations in their knowledge and their information processing capabilities, leading to the impossibility of making optimal decisions (Simon, 1978; Simon, 1987; Chaserant, 2003). The bounded rational actors may behave opportunistically: given the opportunity they are occasionally inclined to serve their own interests by using forms of trickery and deceit. In sum, the transaction costs of market transactions are not only caused by bounded rationality related to uncertainty, but also by potential opportunistic behavior of bounded rational actors. The degree of opportunism is related to asset specificity: the more asset specificity, the higher the risk of opportunistic behavior. High asset specificity (many transaction specific assets) weakens exit threats and increases interdependence. An individual party may take advantage of the relationship and transfer transaction cost to the other party

(Vosselman and Meer-Kooistra, 2006). So, as per TCE, it is the nature of transactions and the associated transaction costs that are of prime importance. TCE takes transactions as the primary unit of analysis and argues that transactions would be governed and controlled in a firm or a market or a hybrid between a firm and a market, the choice is depending on the minimization of the sum of production costs and transaction costs. Transaction costs include costs of writing contracts, supervision costs, opportunity costs associated with opportunistic behavior and costs of investment in specific assets (Steen, 2006). In other words, from a TCE-perspective, efficiency (reduction of costs) is the driving force behind a change in governance. It assumes that decision makers in organizations consciously opt for a comparatively efficient form. The decision maker shows efficiency-seeking behavior (Vosselman and Meer-Kooistra, 2006). Although it is good to have the possibility of efficiency-seeking behavior in changing governance and management control in mind, TCE is not considered an appropriate theoretical lens for this research project because it underemphasizes the process of change (Mahnke, 2001). It does not focus on the processes through which governance structures and management control structures develop, but its focus is on why observed governance structures exist (Vosselman and Van der Meer-Kooistra 2006). In other words, TCE would consider governance forms as already available the field level without shedding any light where those governance forms come from. TCE provides intentional explanations for such structures (Vromen, 1995). Thus, TCE may not provide an adequate apparatus for understanding the *processes* of governance and control change. Moreover, the focus of this research project is also on developments at the level of the field of FM. As TCE's unit of analysis is the transaction(s), its potential contribution would be restricted to the governance and control of the transactional relationship.

ITS. ITS premises that institutions and processes of institutionalization may exist at different levels namely a society, a state, an organizational field, a community, an organization, a group or an individual (Scott, 2008; Suddaby and Greenwood, 2009). The institutions are located in carriers such as cultures, social structures and routines (Scott 1995). Cultures are interpretive structures, patterns of meaning and rule systems; social structures are expectations attached to social networks, formal positions, and role systems; and routines are the habitualized behaviors, competencies and technologies stored in

organizational memories (Scott, 1995; Thornton, 2002). Institutions are both supra-organizational patterns of activity through which humans conduct their material life in time and space, and symbolic systems through which they categorize that activity and infuse it with a meaning (Friedland and Alford, 1991). In our research at the level of the field of FM in the Netherlands, governance is conceptualized as an institution because the deployment of governance entails material social relations or practices as well as communication of meanings. The change in the institution of governance, particularly the emergence and development of IFM in the field of facilities services, is the focus of this research. Each institution is governed by logics, which are a set of material practices and symbolic constructions (Friedland & Alford, 1991). The meanings and practices are co-constitutive of each other (Mohr 2000). The logic constitutes the organizing principles of an institution and is available to organizations and individuals to elaborate (Friedland and Alford 1991). Institutional logics are contradictory and may change over time. Thus a change in institutional logics entails a change in an institution i.e. new social relationships and new symbolic orders / interpretations of reality. Institutional contradictions may serve as the bases for the most important political conflicts and institutional change. Individuals and organizations may politicize institutional contradictions and transform institutions. Actors who transform institutions are institutional entrepreneurs. This thesis is an attempt to understand and interpret the change of governance as an institution. It tries to inscribe processes of institutionalization (that are essentially processes of social construction) at the level of the FM-field.

ITS advances the argument that formal organizational structure reflects more than simple technological imperatives (Lawrence and Lorsch, 1967; Thompson, 1967) and resources dependencies (Pfeffer, 1972; Pfeffer and Salancik, 1978). This 'more' consists of institutional forces or rationalized myths (Scott, 2008). As cited in Meyer & Rowan (1977, p.341) institutionalized rules are classifications built into society as reciprocated typifications or interpretations (Berger and Luckman, 1967) and such rules may be simply taken for granted or may be supported by the public opinion or the force of law (Starbuck 1976). Thus, institutions are 'rules, norms and beliefs that describe reality for the organization, explaining what is and is not, what can be acted upon and what cannot' (Hoffman, 1999). ITS suggests

that the organizations incorporate institutional rules in order to conform to societal or institutional requirements (external environment) and, thus, gaining legitimacy, resources, stability and enhanced survival prospects (Meyer and Rowan, 1977). Legitimacy is ‘a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs, and definitions’ (Suchman, 1995; p.574). The legitimacy brings support and acceptability in society. Since many organizations in a specific field or sector try to become legitimate, this results in isomorphism that is the similarity (of any type) in several organizations. Isomorphism may be due to coercive (dependency, legislative requirements or cultural expectations in society), mimetic (copying the successful companies in uncertainty) or normative (pressures from professionalism) mechanisms (DiMaggio and Powell, 1983; Powell and DiMaggio, 1991). These three types of isomorphism are associated with three pillars of ITS that may constrain behavior, namely, regulative, normative and cognitive pillars. The regulative pillar influences action through coercion and threat of formal sanction, the normative pillar directs action through norms of acceptability, morality and ethics and the cognitive pillar guides action through the different categories and frames by which actors know and interpret their world (Scott, 1995). However, more than one isomorphic pressure may be operating simultaneously. The degree of institutional pressures may change over time as a result of constantly changing endogenous and exogenous factors (Carpenter and Feroz, 2001).

Developments in ITS

Bridging institutional economics and institutional sociology. Critics have stated that TCE provides for an under-socialized account (it gives too little emphasis to social relations or embeddedness) whereas ITS provides for an over-socialized perspective (it pays too much attention to social relations or embeddedness) (Granovetter, 1985). They argue that the models that combine both institutional perspectives might have the potential to provide more balanced explanations. Some scholars suggest that there is a tendency of early adoptions of organizational constructs to be driven by efficiency rather than legitimacy considerations (DiMaggio and Powell, 1983; Tolbert and Zucker, 1983). Such an institutional embeddedness of efficiency-seeking behavior is also paramount in a framework designed by

(Roberts and Greenwood, 1997). They (ibid) incorporate both efficiency and legitimacy aspects in the development of a Constraint Efficiency Framework for organizational design adoption. They (ibid) have connected elements from TCE and ITS and argue that organizations are efficiency seeking under cognitive and institutional constraints, as opposed to efficiency optimizing. Efficiency-seeking behavior is thus institutionally embedded. At least to some extent, organizations are embedded in both relational and institutionalized contexts and have to manage the demands of internal and boundary spanning relations as well as ceremonial demands of highly institutionalized environments (Meyer and Rowan, 1977).

Previous studies of management control change emphasize legitimacy along with traditional economic factors as the drivers of change (For instance Covalleski and Dirsmith, 1988; Abernethy and Chua, 1996; Granlund and Lukka, 1998; Granlund, 2001; Modell, 2001) and relate the diffusion of control innovations to different reasons including efficiency and legitimacy (mimetic isomorphism), or a mix of these factors over a period of time (Malmi, 1999). The institutional and market forces may not be dichotomous but rather complementary (Tsamenyi et al. 2006).

Latest accounting research (drawing upon ITS) indicates that both efficiency and legitimacy considerations might operate and that they need not be mutually exclusive. In other words, legitimacy and efficiency may be intertwined. Moreover, the social and institutional may create or construct the economic and actors may draw on efficiency considerations as a means for attaining social legitimacy (Hopper and Major ,2007).

ITS scholars also suggest that a decision guided by legitimacy considerations is not irrational (or the mimicry is not without any logic) and isomorphism does not necessarily mean a-rational mimesis (Lounsbury, 2008). It is based on institutional rationality (i.e. rationalized myths which refer to broader cultural beliefs and rules that structure cognition and guide decision making in the field (Meyer and Rowan, 1977; Lounsbury, 2008)), as opposed to individual rationality as it is proclaimed in economics. The dichotomy between efficiency and legitimacy, or between the technical and the institutional, has also been criticized by contemporary institutional scholars. For instance, Lounsbury (2008) argues that

the technical considerations (efficiency considerations) are institutionally embedded. The two-stage diffusion model, which says that early adopters are interested in efficiency and later adopters in legitimacy, has also been challenged (ibid). Some scholars argue that efficiency is a social construct and what is perceived to be efficient might also be a product of socially constructed categories and institutionalized assumptions about the world (Dobbin, 1994; Suddaby and Greenwood, 2009).

The progression of institutional theory. An analysis of the literature reveals that there has been much emphasis on *adoption* and *diffusion* of organizational constructs⁷ rather than on the *construction* of new institutional arrangements. This tendency makes an ITS–perspective similar to a rational choice perspective (See also Quattrone and Hopper, 2001) because both show the response of an organization or an actor to something that is already available at an organization field level. Viewing in this way, in the rational choice perspective the modes or institutions of governance are just ‘given’ as ontologies that exist ‘out there’. From an ITS perspective the governance institutions are also considered to be ‘out there’, albeit socially constructed. Extant accounting and control research drawing upon ITS paid much attention to an understanding of the conformity individual organizations show in adopting new governance institutions, with hardly any attention for the path creating and path changing individuals or organizations to whom we refer as institutional entrepreneurs (See a special issue on institutional entrepreneurship reviewed by Garud et al., 2007). We suggest that both sides of the coin (adoption and construction) have to be taken into account. Therefore, there is a need for a more comprehensive model on the institutionalization of governance. There is need for emphasis on the study of non-isomorphic change preceding the usual adoption or adaptation and diffusion i.e. the isomorphic change at field level.

To a large extent the development of a new governance institution takes place through the interplay between the level of the (inter)firm relationship and the level of the organizational field, where networks of organizations and professionals emerge and develop. Therefore, a multi-level focus is required, that is, both the (inter)firm level and the field level. This is an important extension of extant institutional frameworks that focus on the level of

⁷The word ‘organizational construct’ means an organizational form as well as a governance / management control structure.

the individual organization, without much explicit attention to the field of organizations to which an individual organization belongs (Exceptions include Dillard et al. 2004; Hopper and Major, 2007). However, an important additional extension concerning the significance of agency and institutional entrepreneurship is required.

Institutional entrepreneurs are skilled actors who use existing cultural and linguistic materials to narrate and theorize change so that other social groups in the field agree to cooperate in the change process (Greenwood et al., 2002; Maguire et al., 2004) and try to connect the new practices to stakeholders' routines and values (Maguire et al., 2004). By exploring the concept of institutional entrepreneurship we extend the analysis from the adoption of 'new' governance institutions by individual organizations (and, from a field level perspective, the related diffusion across organizations) towards the construction of new governance institutions.

Incorporating the concept of institutional entrepreneurship on governance / control change. Established institutions are stable and persistent. They create path dependencies. However, institutions do change with the passage of time. The institutions change as a result of functional, political or social pressures (Dacin et al. 2002). The concept of institutional entrepreneurship is helpful in exploring how actors shape emerging institutions and transform existing ones despite the complexities and path dependencies that are involved (Garud et al., 2007). These institutional entrepreneurs can be individuals or organizations. Institutional entrepreneurs are the actors who have an interest in a particular institutional arrangement; they leverage resources to create new institutions or to transform existing ones (Maguire et al., 2004). Institutional entrepreneurs break with existing rules and practices associated with the dominant institutional logics and institutionalize alternative rules, practices or logics in which they are interested (Garud and Karnoe, 2001; Battilana, 2006). The alternative rule, practice or logic (in our case, the alternative governance) becomes institutionalized when it is shared and taken for granted across a wider field and the deviation from it is sanctioned or requires appropriate justification. Institutional entrepreneurs may explore legitimacy and they may create institutions which are appropriate for them and which foster their interests. These agents, having resources, bring institutional change and they change the character of the institutions (Dacin et al., 2002). They are

powerful actors who shape the change in a process that may be highly political. Sometimes, even less powerful actors may shape the institutional change, especially in emerging fields. This is, for instance, demonstrated by a study into HIV/AIDS treatment advocacy in Canada (Maguire et al., 2004). The concept of ‘institutional entrepreneurship’ provides a ground for understanding how certain new organizational governance forms emerge and become established over time. It reintroduces the concepts of agency, interests and power into the institutional analysis of organizations (Garud et al., 2007). Institutions are not only constraints, but also a platform for entrepreneurial activities. Change is embedded in institutions, but is also the result of human and/or organizational agency.

Instrumental rationality and institutional rationality. This sub-section discusses the two different concepts of rationality i.e. instrumental rationality and institutional rationality (Lounsbury, 2008). The organizations can strategically act in their own interests and react to institutional pressures in different forms such as defiance, manipulation, compromise, etc. (Oliver, 1991). Lounsbury (2008) labels this kind of rationality as instrumental rationality. The above section explains the instrumental rationality of how a new governance form can emerge and develop in a specific field. Instrumental rationality emphasizes the autonomy of individuals to take decisions in ways that strategically serve their material interests (Lounsbury, 2008) and assumes an institution-free conception of interest and power in which actors have objective interests independent of their understandings (Friedland and Alford, 1991). But there is more to this in order to understand the construction which is the influence of existing institutions or institutional rationality. The instrumental rationality does not allow a deeper understanding of *why* a field changes. In order to understand why the governance changes in the field, we need to look at the institutional rationality that guides the cognition and decisions of field participants or actors. Institutional rationality is a collective rationality that guides individual behavior and is beyond the discretion of an individual or an organization. It emphasizes the role of broader structures of meaning without being deterministic (Lounsbury, 2008). It brings attention to the institutional logics that prevail in the field and how these logics are connected to the broader societal logics and orders. Institutional logics are, “the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals

produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality” (Thornton and Ocasio, 1999; p.804). Institutional logics define the content and meaning of institutions. A focus on institutional rationality calls for an approach that focuses on the effects of differentiated institutional logics (instead of isomorphism) on individuals and organizations in a larger variety of contexts, including markets, industries, and populations of organizational forms (Thornton and Ocasio, 2008). Institutional logics shape rational, mindful behavior, and at the same time individual and organizational actors shape and change the institutional logics (Thornton, 2004). Thus, the institutional logics provide a link between institutions and action, that is, situated forms of organizing (actions taken at local level) are linked with beliefs and practices in wider institutional environments (Thornton and Ocasio, 2008). Each institution has a central logic which is a set of material practices and symbolic constructions. The logic constitutes the organizing principles of an institution and is available to organizations and individuals to elaborate (Friedland and Alford, 1991). The institutional logics are contradictory and may change over time. The core meta-institutions of western society are the capitalist market, the bureaucratic state, family, democracy and religion, and each of these institutions has a central logic (Friedland and Alford, 1991). The typology of the core meta-institutions is further developed by Thornton (2004), who states that the western societies are composed of six societal sectors- the market, the corporation, the professions, the family, the religions, and the state (Thornton et al., 2005). Because the institutional logics of the aforementioned meta-institutions are inherently contradictory, such institutional contradictions may serve as the bases for the most important political conflicts and for institutional change. Individuals, groups and organizations may exploit these institutional contradictions to transform institutions. The institutional logics approach emphasizes that individual and organizational behavior can be understood when such a behavior is located in a social and institutional context that both regularizes behavior and provides opportunity for agency and change (Thornton and Ocasio, 2008).

IFM Field Description and Analysis

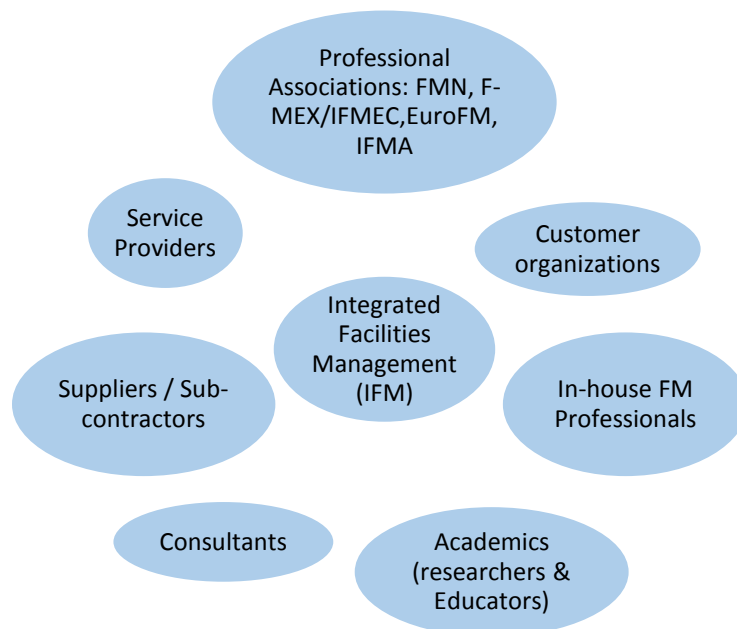
This section will explore and analyze the field data by drawing upon both concepts of rationality.

How is the field changing?—Instrumental Rationality.

Depicting the field. As the aim of this research is to gain a richer understanding of the process of social construction of IFM in the field of facilities services in the Netherlands, it is necessary to describe what precisely the field is. A field is not formed around common technologies or common industries, but around issues that bring together various field constituents with disparate purposes (Hoffman, 1999, p.352). Therefore, in this research the organizational field comprises all the organizations that are in some way or another connected to IFM (a governance form). Figure 2 below depicts the field as it is the focus of this research. We will discuss IFM and all the field participants one by one along with their role in the social construction of IFM.

FIGURE 2

Field of IFM



The following sub-section goes deeper to find out why the field has changed in such a way and what the influence of the institutional logics regarding IFM is.

Why is the field changing?—Institutional Rationality. In order to understand why the governance has been changing in such a way, we need to look at the institutional rationality that has influenced the cognition and decisions of the field participants or actors. For this purpose we did a historical review of the developments in FM field in general and FM governance in particular.

In order to study the institutional change in governance (in this case the emergence of IFM), we studied the history (academic articles, field documents and reports) of the last two decades. The research articles (from 1995 till 2010) in the academic field of FM and field documents were important in reflecting on the historical development in the field of FM in the Netherlands. The historical analysis helped in identifying the institutional logics prevailing in the field of FM. The research was further supported by interviews with different actors in the field. The focus was on the institutional entrepreneurs and the change in both form and thought (rationalized meanings and myths) of governance over time. Besides, it was examined how different forms of governance (FM staff department, SSC or IFM) relate to the dominant logics in the field of FM and how the wider societal level institutional logics influence the FM field logics and the organizational governance decisions.

This research revealed that there are two prominent logics in the field of FM namely, the logic of rationalization (cost reduction) and the logic of professionalism. The logic of rationalization has been dominant in the field. This logic is connected to wider societal logics of market and corporations. This logic has influenced the governance decisions in the field of FM since the arrival of the concept of FM in the 1980s and during the period under investigation. For the purpose of identifying the logics of the field we used various documents from the field of FM, particularly the academic research in the Dutch field of FM. Studying the historical developments, different forms of governance were found. The following table (6) gives the history of developments in the Dutch field of FM and the emergence of different forms of governance:

TABLE 6

An overview of historical developments and related governance forms

Time period	Developments / Events	Forms of governance
Pre-1980s	<p>Real estate and facilities management departments were founded because of expansion in the business activities (mass-production & growth) in the first few decades of the twentieth century (Krumm 2001).</p> <p>Continuous growth, internationalization and transformation of traditional functional structures into structures based on geographical distinctions (Krumm 2001).</p>	<p>Centralized control of activities (Krumm 2001)</p> <p>Consistent with structural changes there were corporate (central) as well as local branches. Such a separation also resulted in a division between ‘operational’ and ‘strategic’ activities’ (Krumm 2001).</p>
1980s-1990s	<p>The recession in 1970s contributed to the breakthrough of FM because it forced companies to manage costs more precisely (Barnhoorn 1995). Management had lost control by pushing down services (Barnhoorn 1995). In the beginning of the 1970s, rising competition and the increasing cost of doing business forced corporations to rethink their existing structures and</p>	<p>FM Department as ‘traditionalebeheerorganisatie’ (without outsourcing or some outsourcing) or ‘Regieorganisatie’ (with responsibility for FM and control of operational outsourcing in the hands of a FM department). For instance, Dutch Municipalities (Wagenberg 2003) and DSM- a medium sized international chemical corporation in the Netherlands (Brat 1996).</p> <p>SSCs (internal or external outsourcing). For instance, Shell Services International (SSI) in</p>

Time period	Developments / Events	Forms of governance
	<p>strategies (Krumm 2001).</p> <p>Theories of value chain and distinction between primary and support functions (Porter 1985) and concept of core competence (Hamel and Prahalad 1994), have been driving the companies to focus on their core business and outsource support functions like FM (Brat 1996; Jensen 2008). Financial control as one of the objectives of FM (Grimshaw 2003).</p> <p>Trends such as back-to-the core, downsizing, outsourcing and right sizing (Krumm 2001).</p> <p>Economic history of USA and UK and influence on FM, where the 1980s was the time of intermittent recession and consistently vigorous cost-cutting in FM and 1990s was the time of, for economic reasons, the rapid rise of outsourcing of FM functions (Duffy 2000).</p> <p>Formation of IFMA and FMN (by the merger of ISM, FMZ and</p>	<p>1995 and Ahold's worldwide centres of excellence (Krumm 2001).</p> <p>IFM / TFM (One example in the mid-1990s where a multinational company (IBM) in the Netherlands had an IFM contract with an international service provider (Johnson Controls)).</p>

Time period	Developments / Events	Forms of governance
	<p>NEFMA).</p> <p>Dutch market knew only single service suppliers and no suppliers of integral facility packages (Brat 1996).</p>	
2000-2009	<p>The outsourcing grew in this decade. The outsourced market size was 63% in 2009 as compared to 57% in 2000 and the outsourced market growth index shows a growth of 8% during the last 9 years (Gijsbers et al. 2010).</p> <p>The FM market grew first but after the financial crisis it declined. So the overall decrease (from 2000 till 2009) is 1% (Gijsbers et al. 2010).</p> <p>Growth in the number of local and international service providers and suppliers. The number of service providers grew from 22, 452 to 25,666 during this decade (Gijsbers et al. 2010).</p> <p>Financial crisis increases the cost reduction pressures. 61% facilities managers had to reduce cost in 2010 and the average cost</p>	<p>FM Department / Regieorganisatie (with responsibility for FM and control of operational outsourcing in the FM department) and demand management organization. For instance, Tata Steel (Corus). SSCs (internal or external outsourcing). For instance DSM's Facility Management Internal-FMI (Brat 1996).</p> <p>IFM / TFM (more organizations adopting the concept such as NS, KPN, Philips, KLM, etc.</p>

Time period	Developments / Events	Forms of governance
	<p>reduction was 10.5% of the budget. Similarly, 77% facilities managers selected facility service providers based on price (Gijsbers et al. 2010).</p>	

As it can be seen from table 6, historically the field of FM has been influenced by the logic of rationalization, i.e. cost reduction. The logic of rationalization has been dominant at least since the 1980s. The companies experienced competition, recession and an increase in the cost of operations on the one hand, while on the other hand theories that supported the rationalization emerged, for instance the theory of the value chain, entailing a focus on the core and the outsourcing of the non-core. Similarly, the idea of having an FM department with a responsible manager implied imposing financial control. Many authors consider cost control to be an important task of facilities managers and some define FM as an economic function concerned with ensuring an efficient use of physical resources by controlling cost (Duffy, 2000 and Grimshaw, 2003). History shows that a business environment that is focused on an adequate return on capital has impacted the practice of FM towards cost control and outsourcing over time (Duffy, 2000). For instance, a Dutch study (cited in Van Wagenberg, 1997) on outsourcing (Groeneweg, 1996) indicates that cost reduction was the main motive for outsourcing. Similarly, one of the objectives of FM is to facilitate work in an efficient way and contain cost (Wagenberg and Vogel, 1993). The benchmark studies also reinforce the logic of rationalization because one of the major purposes of benchmarking is to compare costs and take appropriate actions to reduce cost and to become efficient. The latest cost reduction pressures and financial crises have strengthened the logic of rationalization. For instance, in 2010, 61% of the facilities managers got cost reduction targets of (average) 10.5% from their managements.

The dominance of a logic of rationalization is consistent with the observation that the organizations themselves are the main drivers behind the development of FM (Wagenberg, 1997). The big organizations are also, in most cases, multinational and come in contact with different fields and logics (Greenwood and Suddaby, 2006). Moreover, the logic of rationalization is acceptable to, and is compatible with the market and corporate logics. That's why such organizations are often looking for ways to rationalize the non-core and enhance shareholders' value. This is because the logic of rationalization is connected to the broader societal logics of market (shareholders' value) and corporation (profitability). The pressure to enhance profitability has included pressure to reduce costs (Krumm, 2001). One interviewee (a facilities manager) explains how the rationalization logic guided the IFM decision of the first (or one of few initial organizations) international organization (IBM) in the Netherlands.

Contrasting a logic of rationalization with a logic of professionalism. Unlike other professions, FM is a non-core, relatively young and developing profession. The FM profession has developed although rationalization has been the dominant logic in the field. The trend towards outsourcing multiple services to a single service providers is growing (Lehtonen and Salonen, 2006).

The following table (7) gives a summary of the broad characteristics of these two logics:

TABLE 7

Field Logics

Logic of Rationalization	Logic of Professionalism
Efficiency and economies of scale	Professionalism is the ethical use of knowledge in the context of action- Francis Duffy cited in- (Alexander 2003)
Financial control and cost containment	FM is a value addition process to the whole supply chain (Alexander 1999) and value addition is about optimization rather than only cost cutting (Roberts 2001).
Benchmarking	
Transparency	Managers overlook the strategic potential of FM in overall competitiveness because they perceive it to be an outsourceable

Logic of Rationalization	Logic of Professionalism
Standardized solutions (Duffy 2000)	non-core (Mudrak et al. 2005).
FM as a business	Professionalism is about a specific knowledge base and skills, high self-control via code of ethics and recognized social responsibility to address the legitimate needs of all the stakeholders in the workplace (Grimshaw 2003) instead of shareholders only.
Increasing profits	
Building a competitive position	Users interests and needs be put first and cost cutting to be put in the context of greater effectiveness (Duffy 2000).
Capital committed to market return	Lack of professionalism creates a rigidly cost controlled workplace (Grimshaw 2003).
Market as a control mechanism	Balance to be struck between traditional profession and new business environment which is shaped by global forces (Grimshaw 2003).
Reduction in headcount	
Shareholders' value	An integral approach to FM which means a better understanding of total costs, of the complexity of facility process and emphasis on the contribution of FM to working and living conditions (Brat 1996). In outsourcing the working regime becomes more severe (ibid).
Profitability	Performance issues and service providers don't understand the needs of customers. Focus of service providers is on short term earnings.
Facilities managers speak the language of suppliers (Duffy 2000)	

All the actors in the field subscribe to the logic of rationalization, but facilities managers and academics also view social and ethical responsibility (logic of professionalism) as an important factor. The institutional logics embodied in the professions are antithetical to the goals and means of corporations, but the institutional logics of markets are complementary to the goals of corporations (Thornton, 2002). There is some tension between

the logic of rationalization and the logic of professionalism. But this tension has also helped the FM profession to grow and innovate. The pressures to rationalize and reduce cost and become flexible have led to innovative approaches to managing the facilities that support the business (Alexander, 2003). The severe commercial and competitive pressures on business have in a way increased the practical relevance and significance of FM to the organizations because the organizations have to realize cost savings and have to focus on the core to be competitive (Pathirage et al. 2008; Sullivan et al. 2010). While at the one hand the focus is on core and reducing cost, at the other hand the facilities are no longer of marginal significance (Pathirage et al. 2008). Thus, the logic of rationalization dictated by the economic environment has also helped the professionalization of FM. Therefore, the tension between the logics (rationalization and professionalism) has somehow facilitated the development of the profession. Yet, the logic of rationalization remains to be dominant. The latest FM market report suggests that the criteria for selecting the service providers have become tougher in terms of more focus on price (cost savings) (Gijsbers et al. 2010, p.68,74,100). This is further enhanced by financial crisis pressures.

Professionalism has been voiced over time but it remains frail. There have been suggestions that corporations should go beyond sheer operational efficiency and those decisions regarding an in-house department or external service providers should be made on the basis of best services delivered. It is about effectiveness, user's interests, social and ethical responsibility and better living and working conditions. A rigidly controlled work place displays a lack of professionalism.

So there is a conflict between these logics though the logic of rationalization has been dominant since 1980s. The facilities managers speak the language of suppliers rather than users and the profession has not invented and delivered the emerging needs (Duffy, 2000). FM claims to be strategic but most practitioners work at operational levels; FM wants to be at the heart of the organizational development but many FM services are delivered either by external consultants or in-house teams set up as internal consultants; FM claims to be proactive in managing change but it is reactive in most cases (Ventovuori et al. 2007). The main body of the existing market research focuses on the supply side of the market especially on the main FM suppliers' market. There is a big gap of knowledge about the demand side of

the FM market across the whole Europe (Moss, 2008). FM is under-researched and is at an early stage of its development (Nutt, 1999; Ventovuori et al. 2007). In academic terms, FM is a comparatively new subject area or a field that has grown out of diverse interests from different subjects. It is not an academic discipline in a conventional sense (De Bruijn et al. 2001). The greater difficulty with FM is that the core subjects of FM were less clearly defined and remain to be so, and much emphasis is placed on multidisciplinary and vocational relevance of FM to the industry (De Bruijn et al. 2001). The growing dominance of cost control (rationalization) as a major function of FM has been seen as problematic for the practice of FM (Grimshaw, 2003).

The presence of different governance forms and the logic of rationalization. The logic of rationalization is expressed in different forms of practice. In the Dutch field of FM, the logic of rationalization legitimizes all the current popular forms of governance, i.e. an FM department (Facility Management Organization), an SSC or IFM. All the proponents of these governance forms claim efficiency or cost savings to be the major objectives. The multinational and big national organizations are more inclined towards IFM. Small companies, government and non-profit organizations don't consider IFM to be an appropriate choice at the moment. A consultant explains it as follows:

“For the last couple of years (3 to 4 years) most of the large corporate companies are interested in this way of organizing FM. So they all do studies, they all outsource; they all are looking for parties. It's not popular for the smaller ones and for the government, educational facilities. It's only the private sector.”

Problems with IFM. Another consultant tries to explain why IFM might not be the solution for all the companies, “Well IFM is not the best solution and is not always the best solution. I have many examples where all options are good.”

IFM may result in loss of synergies if the service provider does not utilize all its competences and/or the in-house unit does not possess the best competence in the market (Ventovuori, 2007). This drawback of IFM is theorized by both service providers and the client organizations when they blame each other for not being professional enough or being

too much focused on control. The service providers and consultants relate the problems of governance to the in-house facilities managers. In-house facility managers do the opposite.

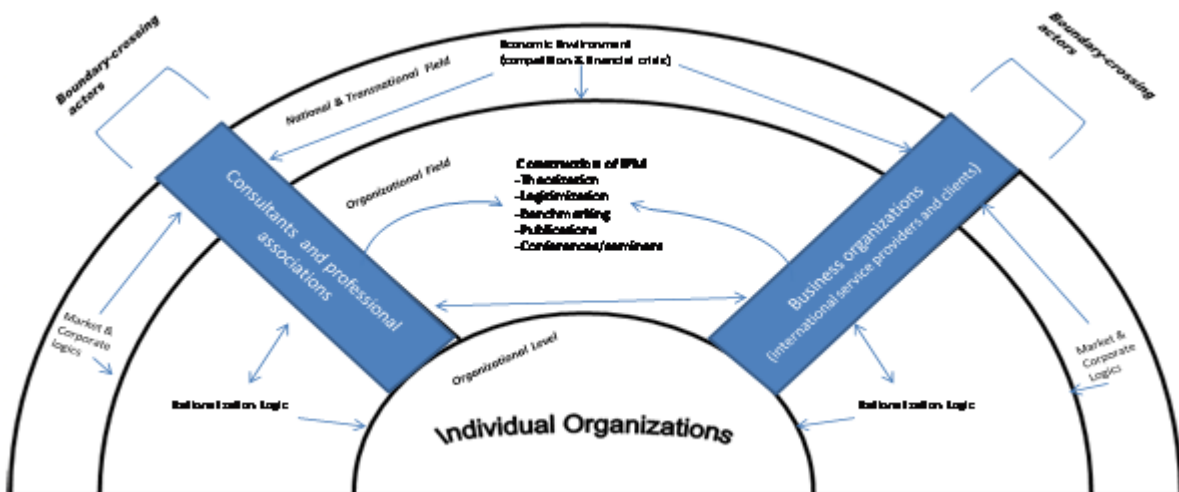
The service providers and consultants connect the problems to the clients and they think the client organizations do not want to lose control and they are not professional. For instance, a consultant describes it as follows:

“The clients want to sit on the chair of the service delivery company. They want to control how the service should be delivered and their focus should be on translating business needs into what should be delivered. So they must be professionally translating the business needs instead of telling how they should do the service.”

But some facilities managers think that the IFM service providers are not professional enough and the average performance is disappointing. The field insights can be summed up in the forms of figure 3 below:

FIGURE 3

Field Insights and Analysis



The figure 3 depicts instrumental rationality of service providers and consultants as well as the institutional rationality of why they are behaving in such a way. It highlights the institutional rationality (institutional logics) and their effects on the cognition of different actors in the field. The dominant logic of rationalization is connected to broader logics of

markets and corporations and this logic has been very influential in the emergence and further spread of IFM in the field of FM. The institutional entrepreneurs, as commonly discussed in the extant literature, exist at field level but this research reveals that some actors (institutional entrepreneurs) cross the boundaries of different fields and that they are connected to national and international fields and wider logics. Such boundary or field-crossing capacity enables them to disseminate new ideas and broader logics in different organizational fields. In this research, these field-crossing actors are the consultants, professional associations, international service providers and international client organizations. They are influenced by the global economic environment (competition, financial crisis) and the logics of markets and corporations, and they shape the logics of the local organizational field. For instance, the logic of the field of FM in the Netherlands is rationalization, which is compatible with the broader logics of market and corporations. The boundary-crossing actors, particularly service providers and consultants theorized the benefits of a new governance form (IFM), legitimated it with the success stories of renowned international client organizations, and participated in benchmarking, publications, seminars and conferences. The professional associations were used as platforms in addition to their own networks. Further, in order to cope with the economic environment different theories emerged during the last three decades. These theories also shaped the field. For instance, in this case the theories of the value chain, concepts of core competence and theories on outsourcing have been influential in shaping the understanding of the people and organizations towards rationalization. Moreover, explicit attention was paid to the influence of the economic environment such as the financial crisis and competition that also shape the organizational fields.

Lastly, it is noted that prior research (e.g. Lounsbury and Crumley, 2007) on institutional logics explains practice variation as the result of a change in institutional logics. But this research shows that new practices (such as new governance i.e. IFM) may emerge without any change in the corresponding institutional logics because the rationalization logic has been dominant in the field over the last 2 or 3 decades, yet different governance forms and practices (FM staff department concept, SSC and IFM / TFM) emerged over time. Different practices may co-exist in the organizational field at a particular moment in time

because they are all connected to the dominant institutional logics. Their appropriateness may be dependent on other factors such as size or ownership (private vs. public companies). For instance, in this research the big organizations find the IFM or demand management organization to be an appropriate governance choice, while governmental and non-profit organizations consider having a FM department to be an appropriate governance choice. As the research has shown that historically the logic of rationalization has been dominant, the variety of governance may not necessarily be because of different institutional logics. This finding has an implication for ITS, because the practices change though only one logic remains dominant.

CONCLUSIONS

ITS was the theoretical lens for this study. ITS is suitable for the investigation of field level institutional change in governance. So, it was considered the best choice for the field level analysis unlike TCE which would consider the governance forms as already available at the field level without shedding any light where those governance forms come from. Governance (as a package of practices) is an institution because it provides order and meaning to a set of activities.

This field level research is a first and distinct study that has paid attention to two different concepts of rationalities in ITS, that is, instrumental and institutional rationality (cf. Lounsbury 2008). The instrumental rationality approach was adopted by different institutional scholars (e.g; Oliver 1991; Kraatz and Zajac 1996). In this approach some actors in the field called institutional entrepreneurs bring about institutional change by responding to institutional pressures. For instance, in this study two field level actors (consultants and service providers) get the character of institutional entrepreneurs because of their active participation in the social construction of IFM in the field of FM in the Netherlands. The idea of IFM came into the Netherlands through a multinational client organization and a multinational service provider. We label these actors as field-crossing actors because they are connected to the national and global fields of organizations instead of only local organization field. This field crossing ability enables these actors to bring new ideas, concepts and

governance to specific fields. Though the idea was brought in the field of FM in the Netherlands by an international client organization and a Foreign Service provider, the local service providers and consultants pursued the governance concept very actively. IFM has been explained as a rational response to the existing conditions, characterized by cost reduction pressures in different forms and legal constraints regarding lay off employees, by the institutional entrepreneurs. They state that the employees get better career prospects when they move to the service providers due to IFM because FM is the core business of the service providers. They have been illustrating the success stories of the initial renowned organizations and later adopters to underline the importance of IFM. There are different professional associations that are connected to other professional associations and the field actors. Some organizations are local like FMN, F-MEX, some are transnational such as IFMA and EuroFM. The professional associations have mainly been interested in the dissemination of knowledge, best practices and new ideas. The professional associations are a kind of professional network as described in the theoretical framework developed in chapter 4. The professional associations have been helpful to the institutional entrepreneurs in the construction of IFM because institutional entrepreneurs participate in and contribute to the publications and conferences organized by the professional associations.

The institutional rationality explains the influence of the (broader) institutional logics or institutional orders on the actions and understandings of all the field actors including institutional entrepreneurs. IFM gains acceptance in the field and guides the cognition of the field participants because it resonates with the logics prevailing (logic of rationalization) in the field of FM in the Netherlands and also the broader logics of (market and corporations). The historical analysis of the academic and professional literature in the field of FM in the Netherlands in combination with interviews revealed the dominance of the 'logic of rationalization' (reduction of costs) in the field of FM. The 'logic of rationalization' has been reinforced over time by the theoretical developments which emphasize focus on the core, cost savings, and outsourcing the non-core. It is added that the 'logic of rationalization' has become commanding by competition and the financial crisis over time.

Secondly, the focus was on construction of governance at field level (O' Dwyer et al., 2011) rather than adoption at the organizational level. By doing this we add to the scarce

number of ITS based studies in accounting that focused on the field level (e.g. Dillard et al. 2004, and Hopper and Major, 2007; Ezzamel et al., 2007; O'Dwyer et al., 2011). Besides, this research also reacts to the calls for more studies on institutional entrepreneurship (e.g; Garud et al. 2007).

Thirdly, this thesis demonstrates that different governance forms and practices emerged over time without change in the dominant logics or emergence of alternative institutional logics.

A theoretical contribution to the FM domain was not the main focus of this research. Nonetheless, this research reflects on FM and the governance of FM, particularly in the Netherlands. The field level study adds an alternative (social and institutional) perspective to the field of FM. The extant FM research is, to a large extent, focused on technical aspects of FM.

The reflections could direct the attention of the practitioners that the 'logic of professionalism' requires attention so that the profession could develop holistically. Though some research in FM generates waves of professionalism (Duffy 2000; Roberts 2001; Grimshaw 2003), the field would be better off with more FM research. It is stated that we only explain how IFM has been constructed. The purpose of this research is not to give a specific opinion on the functionality of IFM.

Regarding limitations, the analysis and conclusions could have been more rigorous by doing a longitudinal research. One of the major reasons why a longitudinal study was not doable is the lack of time; a lot of time had to be spent in getting access to the organizations. However, the field documents and international academic research in FM spanning over the last two decades were collected and analyzed to overcome this shortcoming.

It is suggested that a future research spanning over a number of years and with the involvement of Dutch native speakers be conducted to gain better insights into the developments in the field of FM. A similar research could also be conducted in some other countries.

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