European integration theory and organisational theory—perhaps an ideal match for an analysis of the Europeanisation process?

Abstract
This paper will discuss what the contribution might be if organisational theory and European integration theory are brought together in an effort to analyse the Europeanisation of defence industrial policy and its consequences for defence equipment procurement in Sweden. Methodological questions that have to be considered when different theories are linked will also be discussed.

As a result of the European integration process, policy processes change character. From the point of view of a single state, this phenomenon can be described as "Europeanisation." The question is how the concept of Europeanisation is to be analysed theoretically. There is no "theory of Europeanisation." European integration theory seems to be a first option. However, traditional European integration theory has been criticised for being too focused either on intergovernmental actors and outcomes, or on supranational actors and outcomes. It has been suggested that the more traditional European integration theories be complemented by the ideas of multilevel governance. But this approach is problematic in several ways. One is that while the ideas of multilevel governance emphasise the importance of the contacts that actors on different levels have with each other, they say nothing about the significance of different kinds of relationships among different actors. Linking organisational theory to European integration theory may be fertile for an analysis of Europeanisation, since organisational theory explores what the different relationships are among actors in a certain environment, and how that environment influences the behaviour and development of those actors.

Malena Britz
Ph.D. Candidate
SCORE
(Stockholm Centre for Organizational Research)
Stockholm University
106 91 Stockholm
SWEDEN
Malena.Britz@score.su.se
Introduction .......................................................................................... 1
Defence industrial policy and defence equipment procurement .................. 2
The concept of "Europeanisation" ................................................................ 3

Theoretical points of departure when studying Europeanisation ................. 6

European integration theory ....................................................................... 6
Neofunctionalism and intergovernmentalism ............................................... 6
Multilevel governance .............................................................................. 7

New institutional organizational theory .................................................... 11
The development of an institution ................................................................ 14

Linking European integration theory and new institutional organisational theory 16

Methodological aspects ........................................................................... 16

Similarities between the two theoretical frameworks and possible contributions when they are combined ................................................................. 17

References .............................................................................................. 18
Introduction

One result of the European integration process is that new policy areas are created. However, these policy areas are new in form rather than in content. It might be more accurate to speak of transnational policy areas, i.e. policy areas where policies that earlier were national now become partially European. The actors within such policy areas, both state actors and non-state actors, now have a number of transnational contacts. Thus these policy areas become partially European and partially national, and the actors have to deal both with national and with European regulatory frameworks. From the point of view of a single state this process can be called the Europeanisation of a policy area. Even where the European integration process does not create a supranational policy process, national policy is influenced by what happens in other European states and on the European level.

Since one result of the process of Europeanisation within a given policy area is that there are a greater number of actors than before, we might expect the character of the different actors to be more diversified. The possibility that different kinds of actors (state, non-state, intergovernmental, transnational, etc) will participate in the policy process should also increase. According to some authors, this means that the influence of supranational actors, supported by transnational actors, will increase. It might be assumed that, in policy areas where economic factors are deemed important, supranational actors will succeed more easily in marketing their interests, to the benefit of transnational actors. However, it has been shown that the assumption that supranational influence will increase is especially problematic where policy processes that involve both the economy and national security are concerned. Security is a question that has always had high priority and economic factors have become increasingly important in Europe in the 1990s. Thus, the picture is not as simple as that the Europeanisation of a given policy area automatically results in an increased supranational influence in that area. Policy areas that involve both the economy and national security can therefore be expected to be especially important in this respect, since different principles of governance are brought to bear when the issues of both meet in the same policy area.

---

1 Example: state actor FMV (Swedish Defence Material Administration); non-state actor: company, NGOs; intergovernmental actor: OCCAR; supranational actor: the European Commission; transnational actor: company with owners / production in several countries. Whether the defence industry companies presently are to be called national or transnational could be discussed.


3 Morth 1998.
Defence industrial policy and defence equipment procurement

In the 1990s Europeanisation of defence industrial policy began. Changes in politics, economy, and technology, have resulted in the development of new regulatory frameworks, both on national levels and on the European level, these new regulatory frameworks could be seen as part of a process of Europeanisation. Thus, the creation of a European defence industry market that started in the 1990s is part of the Europeanisation process, which might have several consequences for the European states. In practical terms, the defence industry has been re-structured. Re-regulation, which can be seen as part of the process of Europeanising defence industrial policy, had consequences for the procurement of defence equipment, since the requirements for that procurement changed. Presently, at the beginning of the 21st Century, the emerging European defence industrial market is dominated by a few big companies with a number of cross-ownerships Only ten years ago the picture was different: there were a greater number of companies, mainly state-owned and nationally located.4

The Europeanisation process has been apparent in Sweden. Sweden has long pursued a policy of neutrality and non-alignment. Its policy of national independence and high self-sufficiency was formulated during World War II and strengthened during the Cold War. One way of solving the dilemma of how to sustain political independence and a high self-sufficiency in equipment, while at the same time avoiding financial and technical constraints, is to increase military spending, but in the 1990s this solution was not politically acceptable. Traditionally, most conventional weapons and ammunitions were produced in Sweden. In the political guidelines of 1991 there was a shift in military doctrine. The Swedish Government stated that the national military and industrial base must be reduced and become more specialised in order to stay competitive.5 In a report from 1990 the Supreme Commander stressed the importance of maintaining a Swedish capacity to produce ammunition, electronics, torpedoes, and technology that was protected abroad for security reasons. Since then the Swedish defence industry has been restructured, and now, at the beginning of the 21st Century, Sweden’s national defence industry, since Saab bought Celsius in 2000, consists mainly of five companies, partially or completely foreign-owned, in addition to a small number high tech companies co-owned by Ericsson and Saab.6

---

6 British Alvis became the first foreign company to buy a Swedish defence industry company when it purchased Hägglunds Vehicle in 1997. In 1999 Kockums became a subsidiary of the German company HDW (Babcock Borsig AG), and in 2000 Bofors Weapon Systems was purchased by the US United Defence and became Bofors Defence. Saab was partially purchased by British Aerospace (now British Aerospace Systems) in 1997 and in 2000 Saab purchased Celsius, creating a national champion. This means that there are only five major defence companies in Sweden at the beginning of 2001, Saab, Hägglunds Vehicle, Kockums, Bofors Defence, and Volvo Aero Corporation (subsidiary of Volvo). In addition there are some smaller companies, mainly subsidiaries to the LM Ericsson Group or co-owned by the LM Ericsson Group and Saab: e.g. Ericsson Microwave Systems, Ericsson Saab Avionics, and Saab Ericsson.
Bearing in mind the interconnectedness of national, European, and global societies, it is interesting to study an actor active at different levels in the system. Such an actor can be expected to have contact with both state, transnational, and supranational actors. The Swedish Defence Material Administration (FMV) is the Swedish authority in charge of the procurement of defence equipment. FMV is an interesting object of study in several ways. It co-operates closely both with other state interests (the MoD, the Swedish Armed Forces, The Swedish Defence Research Establishment, foreign authorities etc.) and with non-state interests (Swedish and foreign defence industry companies and their representatives) within the policy area. Issues of the economy and security clearly meet in its sphere of activities. Thus, examining what consequences the Europeanisation of defence industrial policy has for FMV and Swedish defence equipment procurement can afford insights of value for the study of the process of Europeanisation.

Presently, FMV is facing demands from several directions to change its activities. The diminishing defence budget affects the authority both directly and indirectly. The demand, in 1998, that FMV find savings in its budget and the reorganisation of the authority that was a result of that demand changed FMV’s requirements, a direct effect of the diminished defence budget. The restructuring of the defence industry and the concentration of national production in some areas had a more indirect effect on the authority.

The concept of "Europeanisation"

The first question is how the concept of Europeanisation is to be understood. What is a process of Europeanisation? In a report to the Swedish government Jacobsson offered a definition of Europeanisation that was compatible with a common definition of internationalisation.7

Europeanisation is a process which means that communication, transaction, and communication increasingly take place between, on the one hand, the Swedish administration and, on the other, the administrations of other member states and the organisations of the European Union.8

According to this definition, it is the increase in contacts among different state actors (actors that do not act at a governmental level) and their contacts with the organisations of the EU that are perceived as Europeanisation. The emphasis on state actors that do not act at a governmental level is important in the present context, since

Space. This is a quite different picture from that of the Swedish defence industry companies in the beginning of the 1990s.

7 Jacobsson 1997.
8 Original in Swedish: "europesierung är den process som innebär att kommunikation, transaktioner och organisering i allt högre grad sker mellan ä ena sidan svensk förvaltning och ä andra sidan andra medlemsländers förvaltningar och EU:s organisationer" Jacobsson 1997: 10-11, author's translation.
these are the kind of actors to be analysed in a study of the Europeanisation of defence industrial policy and of its consequences for Swedish defence equipment procurement. It is also clear in Jacobsson’s definition that Europeanisation can be seen as a process whereby the European and the national levels act together. What Jacobsson’s definition lacks is a broader perspective, one that includes increased contacts among non-state organisations, as well as between non-state and state organisations. In addition, the definition offers no guidance as to the content of the process of Europeanisation; it is more about form of the process than about its content.

In the political science literature on Europeanisation the emphasis is more often on the content of the Europeanisation process, content in this context meaning the development of competence on a European level and the consequences of this development for the different political arenas. In a book of empirical studies of the Europeanisation process and of its consequences in different areas in some states, Risse, Green, Cowles and Caporaso defined Europeanisation:

We define Europeanization as the emergence and development at the European level of distinct structures of governance, that is, of political, legal, and social institutions associated with political problem-solving that formalize interactions among the actors, and of policy networks specializing in the creation of authoritative European rules.\(^9\)

This definition of Europeanisation is based on the fact that there are formal as well as informal structures for decision-making within the EU. The formal structures are decisive for the Europeanisation process. A definition that to a greater extent takes informal structures into account is that of Radaelli. His definition of Europeanisation was as follows:

The term Europeanisation refers to: Processes of (a) construction (b) diffusion and (c) institutionalization of formal and informal rules, procedures, policy paradigms, styles, ‘ways of doing things’ and shared beliefs and norms which are first defined and consolidated in the making of EU decisions and then incorporated in the logic of domestic discourse, identities, political structures and public policies.\(^10\)

A problem that these two definitions have in common is the emphasis on decisions and decisional structures in the EU. Defence industrial policy, as already mentioned, does not belong to formal EU-structures. But if competence on a European level develops any way, as is the case with the so-called LoI-process, it cannot be unreasonable to call this development Europeanisation, even though the process is not established in the treaties. There are three main reasons for this. First, the states involved in the LoI-process are all members of the EU and consequently are part of the same political environment. Second, the defence industrial policy area is close to policy areas within

---


\(^10\) Radaelli 2000.
the EU, both within the first pillar, industrial policy, and within the second pillar, where efforts have been made to make decisions on defence industry issues within the Working Party on European Arms Policy, POLARM. The LoI-process began when these efforts failed.\textsuperscript{11} Third, some projects that started out as intergovernmental projects outside the EU treaties were later incorporated into the formal structure of the EU, as was the case with the Schengen Agreement. When considering the development of the Schengen Agreement, it would seem rather strange to view the Europeanisation process as first beginning when the specific agreement was incorporated into the EU treaties.

A difference between the definition offered by Risse et al. and that offered by Radaelli is the question of where Europeanisation takes place. In Radaelli's definition it is clear that the process starts at the European level, through decisions made within the EU. Thereafter these decisions are incorporated within national discourses and structures. Europeanisation is thus a process that is both formal and informal and has its starting point at the European level. In the definition of Risse et al. the emphasis is rather on formal problem-solving capabilities, through formal rules and structures at the European level.

One question that could be asked is what it is that is being Europeanised. Is it national policy on the national level? Is it the fact that national policy is partially or completely transferred to the European level, a transfer which results in a Europeanisation of national policy? As was mentioned in the introduction, the point of departure here is that a Europeanised policy is both national and European. However, this does not mean that a clear point of departure is not necessary: In order to be able to study the Europeanisation of defence industrial policy and its consequences for Swedish procurement of defence materiel, we need a definition of the concept of Europeanisation that uses processes at the European level as a point of departure, processes that are developed into transnational processes, with increased contacts among different kinds of actors, processes where the arrows point in both directions. The definition should at the same time incorporate both formal and informal rules and structures.

In accordance with the views of the authors cited above, and after some adjustments for the particular policy area that is to be studied, Europeanisation is thus defined as occurring when the European integration process results in the creation and institutionalisation on the European level of formal and informal rules and procedures, and when these are incorporated into the logic of a national political discourse and are reflected in national political structures and policies. Europeanisation is also marked by increased contacts among organisations, state organisations as well as non-state organisations, and other intergovernmental, supranational, and transnational organisations. How then, is the complex concept 'Europeanisation,' to be analysed theoretically? A good point of departure seems to be the European integration theories.

\textsuperscript{11} Seminar 6 December 2000.
Theoretical points of departure when studying Europeanisation

*European integration theory*

Neofunctionalism and intergovernmentalism

The European integration process and the emerging European polity have mainly been analysed either from a supranational or from an intergovernmental point of view.\textsuperscript{12} This division between different ways of viewing the European integration process shows two different ways of describing and analysing the process, what actors are most influential and what the result will be – supranational actors and results or intergovernmental actors and results. How the integration process has been described often depends on when the description was articulated. Different aspects of the European integration process have been considered important at different times. The ideas of multilevel governance that will be discussed below are based in these two older schools of European integration theory.

A neo-functional analysis of the Europeanisation of defence industrial policy and of its consequences for Swedish procurement of defence equipment, would emphasise the different collaborative efforts of defence industry companies and the efforts of the European Commissions to acquire a role in this policy area. Yet even though these actors are important for the development of the policy area,\textsuperscript{13} it is possible to argue that such an analysis would be insufficient because defence equipment is not part of the common market. This means that, by definition, all collaboration dealing with defence equipment is of an intergovernmental character. Thus, it is not possible to disregard the actions of the member states.

While one might expect that an intergovernmental approach to analysing the Europeanisation of defence industrial policy and its consequences for Swedish procurement of defence equipment to be fruitful because it would put the emphasis on the actions taken by the member states, the approach still poses some problems. Hoffman\textsuperscript{14} makes a distinction between high politics and low politics. As mentioned above, the defence industrial policy area consists of both high politics (security) and low politics (economics), which makes an intergovernmental analysis according to his divisions difficult. With respect to the developments of the 1990s, Moravcsik’s assumptions seem relevant, since the governments of member states have been very important for the development of the policy area\textsuperscript{15}. On the other hand, there are other difficulties with his assumptions. It could be argued that while the member states push the development forward, but that they do so in interplay with non-governmental

\footnotesize{\textsuperscript{12} See e.g. Haas 1968, and Moravcsik 1991, 1995, respectively.  
\textsuperscript{14} Cram 1996.  
\textsuperscript{15} Moravcsik 1995, 1991.}
actors such as the defence industry companies. In some cases it could even be argued that the development of the defence industry came first, while the initiatives of the member states came after. In effect, the actions of defence industry companies have resulted in an increased political integration when member states try to catch up with the company development and retake the initiative.\footnote{This especially seems to be the case for France, which consciously has tried to take back the initiative from the defence industry companies (Britz and Eriksson 2000).}

Hence, it can be argued that the question of which level in the system the ideas that push integration forward in a certain policy area come from – intergovernmental, supranational, and / or transnational – is an empirical question.

\textit{Developments and critique of neofunctionalism and intergovernmentalism}

Two scholars who have worked on the interplay between supranational and intergovernmental actors are Zandholtz and Zysman. They presented a model to explain the emergence of the Single European Act, which they called supranational institutionalism\footnote{Mörth 1996: 41, 45.}. Zandholtz and Zysman argued that the EU, and especially the European Commission, in co-operation with the European industry managed to mobilise a coalition of governments in favour of the idea of a common market. The domestic circumstances in each of the states at the time made it possible to mobilise these governments. The picture they painted is that of a complex and transnational decision-making process. The range of actors was widened. When more actors were taken into account, it became apparent that the European industry was important to the decision-making process. While the European Commission was of till greater importance than the industry and used the industry to strengthen its influence with national governments.

According to David Wincott, analysis of the interaction of the supranational institutions is what is needed in the future in order to understand the development of the European integration. Wincott criticised the Liberal Intergovernmentalist approach presented by Moravcsik. In his work "Institutional interaction and European Integration. Towards and Everyday Critique on Liberal Intergovernmentalism".\footnote{Wincott 1995.} Wincott emphasised the importance of knowledge and the advantage the individuals working within the institutions have over other players, e.g. the member states, since they are in the middle of a network of knowledge.

\textit{Multilevel governance}

This division presented above between different neofunctional and intergovernmental approaches has been criticised and parts of that critique will be presented here. In the 1990s most criticism emphasised the view that neither typically intergovernmental nor typically supranational characteristics could be identified in the integration process, a
claim that has been empirically supported by studies of the policy processes. It was shown that neither of the older approaches was in itself sufficient if either what happens in the European integration process and / or how different policy areas are steered is to be understood.\textsuperscript{19} Therefore, other descriptions of the European integration process and of the European Union have been developed. In the 1990s, the European Union was increasingly described as a system of multilevel governance.\textsuperscript{20}

These are descriptions of tendencies that have been found in empirical studies, mainly of different policy processes. How could the EU and its integration process then be understood? Caporaso describes the EU as a post-modern system based on a stable and consistent coalition of questions and of groups that support these. There are elements of politics and steering in different places in the system. The activity itself becomes more important than the structure and solid institutions. Caporaso emphasise three different aspects of the European Union: it has a weak centre, the central political institutions are thin compared to national institutions and have a limited autonomy; there are many different spatial placements of actors, the principle is informal and implies ongoing interactions between different levels under and above the member states; the relation between work and capital is changing; the Single European Act has created a new transnational room for the capital.\textsuperscript{21}

Marks et al emphasise that the fact that the number of levels has increased is important characteristic of the system. This they see as especially important in increasing the influence of the regions, and they call it a system of multilevel governance.\textsuperscript{22} According to these authors, multilevel governance means that actors from different levels participate in different networks that deal directly with supranational actors. The national level of governance (mainly governments and parliaments) are bypassed. Sub-national actors represent their own interests and negotiate directly with actors on the supranational level, instead of leaving this to the national governments. This especially becomes the case when the interests of sub-state actors converge with those of supranational levels.

Consequently, for these authors, it is no longer a question of a linear mediation of preferences from sub-state levels, through the national government, to a supranational level. In contrast to the process envisioned by an intergovernmental approach where the governments are seen as the most important actors, the actors through which all negotiation takes place. In a multilevel governance process negotiations could take place directly between actors on levels under the government and actors on a supranational or transnational level. This is an informal principle, interaction takes

\textsuperscript{19} Andersen and Eliassen 1996: 1. This has also been shown in studies of the policy processes. E.g. Wallace och Wallace 1996, Marks et al 1996, Peterson 1995. The policy processes in the European system has shown to be very fragmented, they differ from policy area to policy area (Wallace och Wallace 1996).

\textsuperscript{20} See e.g. Caporaso 1996, Andersen och Eliassen 1996, and Marks et al 1996.


\textsuperscript{22} 1996: 41ff.
place among actors on different levels in the system, under and above state
governments.

Even though the basic principle of this approach is the recognition of the sub-
state level as another level in the system where governance can take place, it is not only
the level that is important when the EU and its integration process is to be studied.
Kohler-Koch distinguishes two different ways in which the multilevel governance
system could be seen: levels of government and systems of governance. The first of
these two approaches concentrates on balance of power and on how this shifts when
more levels in the system become important. The assumption is that there is a certain
amount of power in the system. If governance at a certain level is controlled, this
means that actors at another level (partially) become deprived of the potential to
exercise power. Political power within a system is a zero-sum game. From this point of
view it is especially important to study institutional changes, either within a state or in
relation to the European level.

The second approach, systems of governance, concentrated not so much how
power was distributed among different levels as on how changes in governance take
place. The involvement of sub-state actors in the creation of policies could be seen as an
expression of changes that have already taken place in the way in which the system is
governed, rather than as a cause of these changes. In the light of the second approach,
the EU system and its different levels are better described as a marble cake than as a
sandwich. A marble cake in which different networks have great importance for how
the system is governed. According to Kohler-Koch, a “systems of governance
approach” is the most useful way of describing the EU, primarily because it allows
adopting a network perspective on the different actors in the system and their
relationships to each other. This network perspective is something that Kohler-Koch
and her colleagues have derived in their research, and they concluded that the
recognition of several levels of governance as important is not enough to analyse the
system. It is also of importance to emphasise the different levels’ relationships of the
different levels, one to another. Function rather than form is important for what the
system looks like and what actors become important in the different policy processes.
Keohane and Hoffman also use the network metaphor to describe the European
Community.

Mört 

25 Mört 1996.
diffuse and different policy areas are interconnected, which make it difficult for the actors to control and predict the political process.

According to Hooghe, the European integration process results in a European polity, not in an international regime. This does not mean that national governments will be surpassed by supranational interests and supranational institutions. A transnational mobilisation does not mean that the national arena will become extinct, but only that the national governments have lost their monopolies. Many different actors will share the competence to make decisions. The system that develops is one with many, interconnected, arenas for political power struggle. The European arena is one of many arenas where the national governments, European institutions and different interest groups struggle. The result of this is a multi-dimensional polity where no specific centre for governance exists, but where different combinations of supranational, national and sub-national bodies co-operate.

What does all this mean? To summarise, it is possible to distinguish a number of important traits in a system of multilevel governance. The first relates to the number of levels and to the relationships among these levels. The number of levels is greater than is apparent in more intergovernmental oriented analyses. The relations among these levels are non-hierarchical, i.e. in order to communicate with a certain level it is not necessary to go through the level(s) in between. Contacts take place directly between different levels even though these are widely separated from each other in the system.

Secondly, the range of actors is wide. Who counts as an important actor (important actors) is, among other things, decided by what issue is dealt with. Even though traditional actors such as the member state representatives or the European Commission are still the most powerful, an important actor does not have to be a traditional actor. Thirdly, the centre of the system is weak, and its autonomy is limited by the centres of political power that exist in each state. That is to say, there are several different centres of political power which vary in strength and have different allies depending on what issue / policy that is to be dealt with. Fourthly, the national politics and the European politics have become interwoven: what is considered to be an important national question is defined not only from a national perspective but also from a European perspective.

In 1998, adopting a transactional approach with roots in Deutch, and conscious of the discussion of MLG in the 1990s, Stone Sweet and Sandholtz presented a theory of European integration. This theory is based on the transactions that take place within the system and underline the importance of supranational governance in the European integration process. Stone Sweet and Sandholtz emphasise the importance of actors other than the national governments for the European integration process. The integration process creates new political arenas and new political areas emerge. According to their reasoning, one consequence of this is also that supranational actors try to expand their influence in new areas and that more and more actors participate in

---

26 Hooghe 1995: 176.
the process. Also areas that are not directly part of the Treaties, or do not belong to the first pillar where the supranational logic is dominant, would come to be included in the process. This is an empirical question, it could also be that a completely new logic will develop within the new policy areas that emerge.

A greater number of actors need to be studied. If interest is directed towards newly emerging policy areas, a question arises as to what the different actors and their actions mean in the creation of a new policy area. However, this is problematic. Both transactional theories\(^{27}\) and the ideas of the EU as a system of multilevel governance give too simple a picture of the influence of the different actors on the integration process. Transnational actors are seen as important, but only in their role as interests whose interaction creates a need for new regulatory frameworks. The significance of the kind of transactions that take place and of the relationships among different actors is not explored.

One example is the emergence of European defence equipment co-operation. Defence industries are not part of the common market, according to article 296 of the Consolidated Treaty on the European Community, and defence industrial policy is therefore to be considered as an area of intergovernmental collaboration. However, this does not hinder other actors than states, such as defence industry companies and the European commission, from actively participating in the development of the policy area. It is not only the business relationships of defence companies and the rules that are created for these that influence what the policy area will look like in the future. Companies also make contact with each other and with different national and supranational interests in order to influence the policy process itself and also the results of that process.\(^{28}\)

**New institutional organizational theory**

From the point of view of the different conceptions of multilevel governance, a number of different kinds of actors are important for an analysis of the European integration process. This seems to be relevant for a study of the Europanisation of defence industrial policy and of some of its consequences on a national level. It means that the member states, authorities, intergovernmental organisations, other intergovernmental cooperative bodies, defence industry organisations, and defence industry companies can, at least initially, be assumed to be of importance for the development of the policy area. There are problems with the ideas of multilevel governance: analyses based on these ideas do not take into account the *significance of the content of the relationships* between different actors on different levels in the system, is not analysed. If one assumes that the form of the policy area (and how it will continue to change) is influenced not only by the formal relationships among the different actors but also by

\(^{27}\) E.g. Stone Sweet och Sandholtz 1998, also below.  
\(^{28}\) Mörhth, forthcoming.
the way in which they interact with each other, then one's model of analysis has to include the way in which the different actors interact. In addition, the ideas of multilevel governance do not state what it is that drives the integration process forwards. It is the number of contacts and / or the quality of these? Or is it something else? An effort to solve these problems requires an additional theoretical framework.

What is here described as new institutional organisational theory is often called sociologic institutionalism in Sweden, since in the US is a sub-discipline in sociology. However, in Scandinavia it has mostly been business economists and sometimes political scientists who have applied the concepts of new institutionalism to the analysis of politically governed organisations. The texts and ideas used here could, in addition, be said to belong to a "Scandinavian" new institutionalism (even if the theory is in no way geographically limited and of course gets inspiration from other parts of the world). Scandinavian new institutionalism grew out of the work of Johan P. Olsen and Nils Brunsson at the end of the 1980s and the beginning of the 1990s and was developed through contact with American writers such as James March and John Meyer. Previous versions of new institutionalism were criticised because they were not very good at explaining change. Stability was seen as the institutional norm; change was the exception rather than the rule. The Scandinavian school assumes that both change and stability are part of the organisational norm: "the processes which attract our attention are processes of identity formation and deconstruction, rule establishment and rule breaking, institutionalisation and deinstitutionalisation".

If it is the relationships among different actors in a policy area and their actions and interactions that are seen as important for the analysis of how that policy area develops, it seems appropriate to think about what the context in which those actors are found looks like. How can the context of the actors of the defence procurement process be analysed? This context is sometimes called 'environment' and it is mainly the development of views on how this environment evolves that reminds us of the development of similar ideas in the analysis of the European integration process as part of a system of multilevel governance. Other ways of describing this context are 'market,' where the organisations can be both companies and also other organisations, 'organisational fields,' and 'actor networks.'

What these different ways of describing the context in which an organisation acts have in common, is that they all assume that the context in some way or another influences both the behaviour and the possibilities for action of the organisation in question. Brunsson and Hägg argue that the market is an important institution that

29 Czarniawska och Sevon 1996.
30 Czarniawska och Sevón 1996: 5.
creates possibilities and limits for action and interaction. Three aspects are important, ideas, rules, and practice. Ideas are important because they influence how the actors themselves define the market and consequently how they act when they conceived of themselves as actor in that market. Different regulatory systems create different markets. Formal and informal rules define what kind of products that belong to a certain market and also govern the relationship between different actors. Co-operation and competition are important because they are the two main factors that create the market and determine what practice become dominant. These pictures of the context in which an organisation acts build mainly on ideas about a company’s environment, but they share features with descriptions of the context in which other organisations act.

Organisational fields are defined by DiMaggio and Powell as: “those organizations that, in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products”.[36] These authors argue that the advantage of thinking in terms of organisational fields is that the concept takes into account all relevant actors, both with regard to their connections to each other and to their structural similarities. Organisational fields have to be defined empirically, and can only exist “to the extent that they are institutionally defined.”[37] Several different phenomena contribute in defining the institution, the structuration of the field. Among these are an increased interaction, interorganisational structures of domination and patterns of coalitions, and the recognition of a common enterprise. When a field is structurated, the organisations within the field will become more alike each other.

The defence industry companies can be expected to be active in the defence procurement process. Jacobsson mean that a company in a political environment has to answer to different kinds of demands than it would if it would just act in an economic environment. If a company is to influence the political environment in a successful way it needs to have special knowledge of the ongoing process within the policy area. It is important for these companies to know what changes that take place, who acts, and where and when the company should act. A network that is connected to the public sphere is important[38].

A slightly different picture of a network is presented by among others Czarniawska, Latour, and Law och Callon.[39] Czarniawska and Latour see the actors as part of a actor network. The actor network is developed in to a greater unit, which could then be seen as one single actor. Within the actor network it is important to maintain the contacts among the actors in order to keep the actors (the actor network) in the picture. This view of an actor network differs from that of network theory in that it questions the different actors’ identity. Studying the creation of an actor network

means that it is the actors themselves and how they build themselves as actors through interaction with others that is under scrutiny.\footnote{Czarzewska 1999}

**The development of an institution**

With the purpose of developing an analytical tool to describe and explain attempts to build sustainable institutions, Law and Callon use an actor network perspective to analyse the development and liquidation of a military aircraft in the UK.\footnote{Law and Callon 1992.} Law and Callon make a distinction between global and local networks. A global network consists in the relations between an actor and its neighbours, and among the neighbours themselves. This network generates the time, space, and resources that make change possible. This is labelled negotiation space, space in which a local network could be created by the actors needed to work on a concrete project. Actors and objects in the different networks are heterogeneous, and could be anything from companies to geopolitical factors. This means that the extent to which the different kinds of actors vary shift from case to case and could only be decided empirically.\footnote{Law and Callon 1992: 21; pp46.}

One of the conclusions made is that the success and form of a project depend on the creation of global and local networks, and the exchange of products between them. The form and degree of mobilization in the two networks, and the question of how they are connected to each other are important factors here. The product acted as a mediator between the two networks. The different products are generated by the local network and could then be sent to the global network as an exchange for the support given to the local network by the global.

More specifically, Law and Callon found that the success of a technological project was decided mainly by three factors:\footnote{Law and Callon 1992: 46.} a) the ability to build a global network that could provide the project with resources, b) the ability to build a local network that could use the resources from the global network and offer material, economic, cultural, or symbolic revenue to the actors in the global network, and c) the project's own capacity to become an obligatory point of passage between the two networks. The last point was important because it was through this obligatory point of passage that the project could develop a degree of autonomy. If this did not happen, actors from the global network would interfere in the local network, interference that would, in turn, reduce the capacity of the local network to act and to make decisions.\footnote{Law and Callon 1992: 31-33.}

Important to actor networks are ideas and their impact on organisational change. The ideas could be seen as circulating in global channels of communication, and they are spread through a process that is called translation or editing. Ideas are spread, but they are all the time adjusted to the local context in which they will be used. The new
context decides how ideas are interpreted and developed. Law and Callon exemplify this process through describing how a new model of the aircraft they studied was an edited version of the old version, rather than a development of the older. A development would have been of a pure technical character, whereas the edited model was a result not only of new technical functions but also of compromises among different actors. The result of the editing process is the form and success of the project.

Latour argues that creating an actor network (or macro actor, to use his vocabulary) is also about power, the power to stabilize a certain condition. Wills and values within the actor network become progressively more similar to each other and through this the network is stabilized. These ideas remind us of what DiMaggio and Powell said were important characteristics of an organisational field.

To summarise, the different descriptions presented here of an organisation's context, the institution in which an organisation is found, have several traits in common. According to all the theorists, context influences the actions of an organisation through formal and informal rules, norms, and ideas. The emerging European defence industry market can be seen as such an institution. Its shape is decided by the defence industrial policy that the member states pursue. It seems likely that changes in the formal and informal rules, norms, and ideas of this policy area also create changes in the defence industry market. Another characteristic all the theories point to is that contacts among different actors (organisations) within the institution are of great importance: these contacts are what constitute the institution. Formal and informal rules about what these contacts look like and about co-operation and competition are important for the development of the institution. Thus knowledge of other actors within the same institution and knowledge about who counts to that institution are important. These contacts can also be important for how ideas are diffused. With respect to the defence industry market and its development, its seems that analyses that apply new institutional theory to the description of how an actor network is created, grows, and sometimes fails can be meaningful to describe the changes in the defence industry market in Western Europe in the 1990s. It also seems that the picture painted of an actor network can be a meaningful way of studying the development of the defence industrial policy area and, within that, the defence procurement process.

---

46 Law and Callon 1992: 45.
Linking European integration theory and new institutional organisational theory

Methodological aspects

Above, it was suggested that a combination of two different theories might be used to analyse a given process of Europeanisation. However, such an approach might raise some methodological issues that are worth discussing. If ideas of multilevel governance are our starting point, how are these to be treated these in terms of theory. The neo-functional school of thought about European integration and the intergovernmental school of thought about European integration are often referred to as European integration theories, whereas ideas of multilevel governance have more of the character of empirical findings than of theoretical assumptions. How is the relationship among these different schools of thought to be seen? Is it really appropriate to refer to all three, as is sometimes done in this paper, as European integration theory? This is important both for how ideas of multilevel governance are treated and for how a combination of these ideas with those of another theory is carried out. Differences and similarities between ideas of multilevel governance and new institutional organisational theory are another issue that might be important. Without such an explicit comparison, it may be difficult to estimate the possible contribution of the one to the other.

When discussing different kinds of theories, Sabatier proposes a distinction between conceptual frameworks, theories, and models. According to Sabatier, a conceptual framework has the widest scope and makes the lowest demands with respect to logical coherency and specification of the different parts and their relationships to each other. A conceptual framework is defined as one that identifies a number of variables and relationships that should be studied if a certain phenomenon is to be explained. A conceptual framework could involve anything from a number of variables to a paradigm. The relationship among different concepts need not be specified, nor is it necessary to identify hypotheses (even if that could be done). A theory is according to Sabatier a more logically coherent number of relationships among different phenomena, and includes and understanding of what these relationships look like. A theory could also generate hypotheses. Several theories could be sorted under, and developed from, the same conceptual framework. Conceptual definitions of the important concepts in a conceptual framework are needed in order to build theory, but in order to create a model of a phenomenon operational definitions seem to be necessary. According to Sabatier, a model is a picture of a specific situation, and it should include a number of specific assumptions about the value of the critical variables and their relationships. Models have a narrow

---

empirical scope, but make high demands on logical coherency and on the specification of the different parts and of their relationships to each other.

Sabatier’s distinctions can be used to sort the theories described above. What at times has here been somewhat carelessly called European integration theory could, following the distinctions made by Sabatier, be called the “European integration theoretical framework.” The two older European integration theories, the neo-functional and the intergovernmental theories of European integration, as well as ideas of multilevel governance can be sorted under this framework, even if the last mentioned is not usually considered a proper theory.

**Similarities between the two theoretical frameworks and possible contributions when they are combined**

New institutional organisational theory can in the same way be said to belong to the new institutional framework. This school of thought belongs to a different conceptual framework than do ideas of multilevel governance. What, then, are the differences and similarities between ideas of multilevel governance and new institutional organisational theory? There are interesting similarities between these different schools of thought. There are also interesting similarities in the way each has developed. Both began with a hierarchical ideal (of a supranational or intergovernmental integration process, in the one case, and of the context of an organisation, in the other). Both moved towards a more empirically based, non-hierarchical idea (of the integration process and of the context of an organisation, respectively). Non-hierarchical approaches to the multilevel integration process make clear that direct contacts among different actors at different levels in the system are of importance to what the process looks like. It is not clear, though, in what way these relationships are important. In new institutional organisational theory great importance is also attached to the relationships among different actors, but here these relationships are also analysed, often in terms of competition, co-ordination, and co-operation.

It is possible that an analysis that draws on new institutional organisational theory of the Europeanisation of defence industrial policy and of its consequences for Swedish defence procurement can contribute to the theory of European integration, and especially then to the ideas of multilevel governance. The Swedish Defence Material Administration, FMV, mediates between the state and defence industry companies and can be seen as a representative of the state in the defence industry market. It may be that new institutional organisational theory can be used to analyse the relationships among actors and the nature of their participation when a new transnational policy area is created.

In new institutional organisational theory it is also made explicit that both formal rules (e.g. laws) and informal rules (e.g. soft law and norms) are of importance to the relationships among the different actors. In addition, the way in which these rules are incorporated into daily practice depends on the local context. In this way, there is a
close connection between actors and structures. Actors are seen as intelligent rule followers.50 The ideas of multilevel governance are not as explicit on this point, and it is not clear what the relationship between actor and structure looks like. It is possible that the relationship between actor and structure is another point where new institutional integration theory can make a contribution to the ideas of multilevel governance.

In the analysis proposed here of the Europeanisation of defence industrial policy and of its consequences for Swedish defence procurement, ideas of multilevel governance will be used to analyse different traits of the integration process and of explanations of the process in light of integration theory. New institutional organisational theory will be used to analyse the relationships among different actors within the policy area and how these relationships influence the development of the policy area, focusing on FMV.

The task for anyone who wants to use new institutional integration theory to develop our ideas of multilevel governance, therefore, seems to be to study whether the relationships among different actors within a specified policy area can be analysed using the concepts of new institutional organisational theory. A second task is to analyse what consequences such a study has for the way in which the European integration process can be studied. The impact formal and informal rules have on actors and their behaviour needs to be studied, as do also the relationships between the actors and their context (the system). That is to say, if the kinds of relationships that are found among actors within a given policy area do not seem to have any influence on the development of that policy area, then new institutional organisational theory cannot be seen as fruitful on this point. If the informal rules of the context in which the actors act do not seem to affect their actions and the relationships they have with each other, new institutional organisational theory cannot be considered helpful on this point either. In such a case, the development of European integration theory is to be sought elsewhere.

References


Czarniawska, Barbara och Guje Sevön "Introduktion" in Translating Organizational Change, Czarniawska och Sevön (Red.), 1996.


Mörth, Ulrika. Organising European co-operation on defence equipment: Making defence and market fields work together. (Forthcoming)


Risse, Thomas, Marcia Green Cowles och Jame Caporaso. *Europeanisation and Domestic Change*. 2001


