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INSTITUTIONAL CHANGE AND SPHERES OF AUTHORITY: THE CASE OF MICROCREDIT

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Abstract

The new institutional change literature can inform the research field of global governance on two important issues: 1. How new policy ideas are framed, circulated, negotiated and institutionalised at the transnational level. 2. What role strategic actors play in the change and governance of transnational institutions? This approach can help global governance researchers to develop the concept of 'spheres of authority'. It describes how transnational leadership can be maintained, even though power gets diffused during globalisation. Through a illustrative case study of microcredit, the article shows how an institutional change-approach helps global governance researchers to understand the complex characteristics of transnational problem solving, as well as the connection between strategic agency and institutional change and persistency.

Keywords: global governance, microcredit, spheres of authority, institutional change

1. Introduction

Global policy processes are increasingly complex. Global policy problems are intertwined and policy fields overlap (Rosenau 2000; Cetina 2005; Chesters and Welsh 2005; Urry 2005, p. 249; Rosenau 2007). This complexity has created a growing demand for effective strategic problem solving in relation to a wide array of transnational policy problems such as HIV/AIDS, poverty, global warming, etc. But researchers need a new approach in order to better grasp the complexity of global problem solving. We need to know more about how new policy solutions emerge, spread and transform in a complex, networked global environment.

The claim made here is that the literature on institutional change can inform the literature on global governance in new ways, when it comes to describing how new policy solutions emerge on the transnational level. Institutional literature and global governance literature are no strangers to each other. With the notion of "governance without government" Rosenau (1992) indirectly links the field of global governance to the field of institutional research. In his perspective, global governance consists of a system of rules (governance) that is based on norms and shared beliefs (institutions), and informal decision-making procedures. But the global governance field has not kept apace with the latest developments in the institutional literature. Within recent years, a new research field of institutional change (Campbell 2004;

Hinings, Greenwood et al. 2004, p. 304; Czarniawska and Sevón 2005; Scheuer 2008) and institutional entrepreneurs (Colomy 1998; Thornton 1999; Scott and Venkataraman 2000; Boxenbaum 2008) have emerged. This literature has studied 1: How institutions change? And 2: What role actors play in these change processes? These are two important questions, which are inadequately discussed in contemporary global governance.

In the institutional change literature new policy ideas are seen as an important analytical focus. New policy ideas change the current institutional settings in incremental ways, and actors are important drivers behind this development (Campbell 2004). So this article will describe how new policy ideas are framed, circulated, negotiated and institutionalised at the transnational level - and secondly describe how institutional persistency and change is created in order to enhance the capability to solve the global policy problems. In particular the strategic work behind the introduction of new policy ideas for institutional change at the transnational level will be considered.

The approach described in this article share many similarities with Rosenau's (2007) concept of "spheres of authority". Spheres of authority describe how leadership is upheld, while at the same time power gets diffused during globalisation. In Rosenau's understanding, global governance simply refers to the border crossing patterns of a sphere of authority. Central to understanding the concept of sphere of authority is the notion of compliance. Without compliance, seen as the result of an "institutionalised habit" from its adherents, spheres of authority cannot emerge. But compliance can easily shift or be marked by ambiguity. Global policy regimes can hold one or more sphere of authority, which compete for "the attention and loyalty of compliantees."

Rosenau's theory of sphere of authority is an important contribution to the field of global governance. But his conceptualisation can be criticised for being too broad. The problem is that he describes all kinds of organisations – from global private enterprise to local NGOs as spheres of authority. Secondly, he states that compliance is shaped by a "huge number of variables". This makes sphere of authority and compliance fairly easy concepts to apply to research analysis. Global governance researchers must move beyond Rosenau and more thoroughly describe how compliance in global governance is actually created, and how a sphere of authority comes to exist, especially when it comes to the global governance of institutional dynamics.

To illustrate the institutional change approach to global governance the article will present a case study[i] of transnational institutional change from global development policy: Microcredit (microfinance or microloans) to poor people. The case of microcredit represents a complete narrative, with a long history that can be backward mapped. The popularity of the idea of microfinance as a development policy is well documented. It has been adopted by the major actors as a pillar of the institutional logic of development policy (Dalgic 2007, p. 5 and p. 17). There is already a huge literature on this subject. But a lot of it has to do with an impact-debate (is microcredit an obvious solution to poverty or not?). That is not the purpose of this article. The purpose here is to describe how a new policy idea becomes institutionalised. Secondly, the purpose is also to describe how actors take part in creating the institutional persistency and change of a policy field in order to enhance the capability to solve a transnational problem, in this case poverty.

What follows next is a description of contemporary global governance research, and especially the increased focus on transnational network governance. After this the institutional change approach is described, and it is explained how this approach can contribute to global governance research.

2. Transnational network governance

Though it is important to remember that the nation state remains a central player in the global policy processes (Drezner 2005; 2007), the nation state is no longer alone on the global scene. Globalisation has led to the internationalization of policy regimes (Jessop 1997, p. 575). A range of global governance researchers claim that the state-centric system of the Westphalia order has been replaced by a multicentric system, divided between state and non-state actors (Sinclair 1994; Rosenau 2000; Dingwerth and Pattberg 2006).

An important subject in the literature concerns the myths and realities of the capabilities of the nation state (Hirst 1997) – or as mentioned above the extent of "governance without government" - in the global economy. Significant examples of this form of global governance include the influence of private bond rating agencies (Sinclair 1994), oligopolies in accounting, reinsurance and consulting industries, as well as the emergence of standards and measurements for anti-corruption, transparency or human rights in governance. The assumption in this literature is that governance is often conducted in an organisational context that goes beyond the traditional sector borders. It involves a long range of public and private actors like private companies, social movements, NGOs, epistemic communities etc. (Haas 1992; Price 1998; Rosenau 2000; Teegen, Doh et al. 2004; Dingwerth and Pattberg 2006; Hedmo and Sahlin-Andersson 2007, p. 196). The nation state is no longer the sole provider of global authority.

According to Rosenau (2000), authority in global space is much more based on horizontal and informal relations with authority being embedded in informal rules. This development limits the kind of steering model that can be applied. Transnational governance networks are coming into being, because the transnational policy environments are often not linked in any formal hierarchical sense. The concept of policy network analysis was original developed to look at national level policy making (Marsh 1998, p. 186). But a range of researchers have used it to analyse policy processes at the transnational and the sub-national levels (See also Benington 1998; Hedmo and Sahlin-Andersson 2007, p. 213). According to this approach, actors engage in transnational polycentric, multilevel governance networks in the creation of new policy regimes. The development is most advanced in the European Union. Transnational networks are now a key part of the policy development process within the EU (Benington 1998, p. 149; Kern 2009). The EU Commission plays a key role in creating transnational networks. Transnational networks provide essential information to a relatively small EU bureaucracy and the process of consultation helps legitimize the decisions of the EU government body (Benington 1998, p. 159). But this development is not limited to Europe. Other international policy organisation, like the World Bank, IMF and WTO follow a similar path called new or complex multilateralism, which is based upon a participative global civil society (O'Brien, Goetz et al. 2000, p. 4).

The concept of policy networks

Marsh (1998) makes an important distinction between US, British, German and Dutch approaches to policy networks. The US tradition sees networks as being in the traditions of sub-government (clusters of individuals, e.g. iron triangles). The Europeans see the growth of networks as having a broader significance as a new form of government, different from markets and hierarchies. In Europe, the German and Dutch perspectives go further than the British approach. While the British argue that policy networks are a model of interest group representation, the Dutch and the German schools view policy networks as a new form of government (Marsh 1998, p. 8). The network approach in this article follows the German and Dutch traditions. Especially the Dutch tradition, which emphasise the importance of management of networks (Marsh 1998, p. 10). According to the Dutch and German orientation the distinction between the state and civil society has been dissolved and this change necessitates a new form of governance. This new form of governance is based on network. It involves a loose structural coupling and interaction between autonomous but interdependent actors who produce a negotiated consensus which provides the basis for co-ordination (Marsh 1998; See alsoRhodes 2000; Meuleman 2008).

The concept of transnational governance network builds upon a long tradition of network research in policy studies, where policy networks have been analysed as policy communities built to exchange relations and a sense of community among interdependent actors both the public and the private – and issue network – formed by policy activists, interest groups, academia and sections of government, but (contrary to policy communities) with variations in participants and the degree of interdependencies (Thatcher 1998). Used in these terms the policy network metaphor represents a heuristic device for policy analysis (Marsh 1998, p. 186). But it may not be a very precise concept. Thatcher (1998) criticises the policy network approach for its lack of adequate conceptualisation of the policy network metaphor. Furthermore, the early network literature has difficulties in explaining network change as well as explaining why some actors gain privileged positions in policy-making. Often it is the patterns and relations between actors, instead of the attributes of the individual actor that is studied (Thatcher 1998, p. 394).

3. Transnational institutional change

The environment – in the form of policy ideas, values and knowledge – or in other words the institutional approach – has been seen as a way of creating a needed diversification of the network policy analysis. The institutional framework can affect the nature and impact of policy networks by legitimising actors in specific policy domains and by influencing exchanges among them. Especially when it comes to network change, the institutional approach has something to offer. New ideas may for example disrupt existing relations between the involved network actors, and change in values may lead to new groups entering a policy community (Thatcher 1998, p. 405).

Ironically, the institutional approach has been subject to some of the same sort of critic as the network approach. Also the institutional perspective have been criticised of not being able to explain how change happens. Institutions connote stability and conservatism, not change and dynamics: “[T]he theory is silent on why some organizations adopt radical change whereas others do not” (Greenwood and Hinings 1996, p. 1023). In the last decade, the field of institutional change has emerged in a reaction to this critic. Basically, an analysis of institutional change focuses on the continuing “movement from one institutionally prescribed and legitimated pattern of practices to another” (Hinings, Greenwood et al. 2004, p. 304). In this perspective, institutions are not stable and enduring. They are always relative dynamic. It is the claim here that the field of institutional change literature can inform the global network governance approach. It can provide a needed theoretical perspective that can help researchers of policy processes to understand how new policy ideas is framed, circulated, negotiated and institutionalised at the transnational level.

Morgan (2001) has studied international market standard setting regimes. He argues that the creation of transnational institutions (standards in his terminology) has grown in the last thirty years. The need for agreed international norms has increased, and the conditions from which such norms can emerge have become more complex:

> “The result is an environment of overlapping, interconnected and interactive standard setting regimes which work across borders, within geographical regions, self-identifying groups of states (such as the G-10) and more widely.” (Morgan 2001, p. 247)

Like the national level institutions, those at the transnational level are used for decreasing risk and transactional uncertainty and increasing predictability (Morgan 2001, p. 226), but still the creations of such institutions are much more precarious than national institutions (Morgan 2001, p. 225). If an emerging international policy field lacks institutions, new ones can emerge on the basis of experiments, and different standards can compete for dominance (Morgan 2001, p. 228). It is already recognised that nation states (Campbell and Pedersen 2007; Marcussen and Kaspersen 2007) and private firms (Morgan 2001) engage in institutional competitiveness, as well as co-operating in setting international standards. But the influence of NGOs, social movements and advocacy networks - as well as international organizations also needs to be recognised (See (O'Brien, Goetz et al. 2000; Morgan 2001, p. 225; Dalgic 2007, p. 14). It is the claim in this article that rise in transnational institutions is connected to the rise of transnational network governance. Lack of transnational institutions and formal hierarchy creates a basis for transnational policy networks which set, co-operate and compete on different policy ideas in the attempt to institutionalise and govern emerging transnational policy fields.

4. The concept of institutional change

In the next section the institutional change approach will be described. It is partly based on John L. Campbells two concepts of paradigms and programmes – and partly on the two basic change mechanisms in the institutional change literature, diffusion and transfer. In this approach diffusion will be defined as spread and transfer will be defined as bricolage, also with reference to John L. Campbell.

The concept of institution

Institutions have been studied as being regulative, normative and cultural-cognitive (Scott 2001, p. 48). The regulative approach is associated with rules and laws, the normative with values and norms, and the cultural-cognitive with "shared conceptions that constitute the nature of social reality and the frames through which meaning is made." (Scott 2001, p. 57).

Though it may be the changes in the formal and regulative institutional settings that are easiest to describe in transnational policy processes, "global governance refers to more than the formal institutions and organizations through which the management of international affairs is or is not sustained." (Rosenau 2004, p. 179). One good example is when an institutional standard or policy idea is used as a "badge". Badging signals conformity, institutionalised habit, or in Rosenau's vocabulary compliance, but since there often are very weak possibilities of formal legal sanctions at the transnational level, if any at all, the standard can still be used differently (transformed) by different organisations in different institutional contexts (Morgan 2001, p. 230). Used as an indicator of compliance badging becomes a way of describing transnational institutionalising in the normative and cognitive sense. A significant contribution to the institutional change literature, which focuses upon normative and cognitive institutionalising is Campbells model (2004). Compared to Scott's general model, Campbell narrows down the analytical scope to policy-systems at the macro-level. In Campbell's approach, ideas are normative and cognitive assumptions that can exist in the foreground as well as in the background of the ongoing political contestation. Here we will apply the two complementary cognitive concepts of policy ideas that Campbell put foreward:

- *Paradigms* - are background assumptions or mental models, which limits the alternatives the actors would consider.
- *Programmes* - are concepts, theories or recipes in the foreground that authorises or enables actors to make institutional changes. They specify how policy problems can be solved.

The concept of change

Several overlapping concepts can describe the mechanisms of institutional change. But in policy studies two main categories of mechanisms needs to be taken into account: policy diffusion and policy transfer (Holzinger, Knill et al. 2008). Diffusion is the process where policies, programmes and ideas travel among a large number of political systems. Transfer is when new policy ideas travel into a political system (Marsh and Sharman 2009, p. 276).

These two concepts represents a split into two different bodies of literature's in policy studies, but Marsh & Sharman (2009) argue that the two mechanisms should be treated as complimentary concepts, and any full explanation of institutional change should take both mechanisms into consideration (Marsh and Sharman 2009, p. 278). This is a new development in the literature of institutional change as well: “to date, there have been few, if any, attempts to combine the various literatures into an integrated approach” (Marsh and Sharman 2009, p. 269). None the less, the ambition here will be to describe both the process of diffusion and the process of transfer as part of transnational institutional change.

The diffusion of policy ideas

Diffusion analysis often concentrates on pattern-finding. Diffusion analysis focus on the macro-level (in contrast to isomorphism) and it is a result of multilateral interdependence. As such, we can use it to describe the emergence of new transnational institutions in transnational governance networks. Diffusion is often associated with convergence, isomorphism or spread. But not all of these are useful in an analysis of transnational institutional change.

1. Convergence can be seen as the translation of pressure on the international level into domestic policy changes - and possibly convergence of domestic policy facilitating factors which operate at the level of individual countries or specific policies. The analysis of convergence emphasises outcomes instead of the process and seek to explain changes in policy similarity over time (Holzinger, Knill et al. 2008, p. 7-8).

2. Isomorphism is rooted in (inter)organisation sociology (DiMaggio and Powell 1991) (DiMaggio and Powell 1991). It is the process of homogenisation of an organisational field. The underlying question is why organisations tend to become similar over time. It broadly overlaps with policy convergence, but there is a difference in levels and empirical focus.

3. Spread analysis often looks at the quantitative and spatial change of policies instead of the qualitative and temporal changes. In other words, it is good at describing now and here large-scale institutional changes. Holzinger et al (2008, p. 10) makes a distinction between diffusion and spread. Diffusion in their opinion must deal only with the direct adaption of one and the same policy or programme from one political system to another. Spread is a more general term. In this article, we will stick to the 'old-fashioned' conceptualisation and equate diffusion with spread.

The transfer of policy ideas

Transfer studies are a sub-field of comparative politics. It is the process where knowledge about policies, institutions and ideas in one political system are used in the development of policies in another political system, or, in short, how new policy ideas travel into a political system. Transfer studies recognise that political systems are able to change through learning processes.

The focus of transfer studies is usually on the policy process of individual political systems instead of the outcomes. This focus often makes transfer-researchers choose qualitative methods of a limited number of cases (Holzinger, Knill et al. 2008, p. 9; Marsh and Sharman 2009). So contrary to diffusion studies, the focus is more on the temporal dimension instead of the spatial dimension. Also, contrary to diffusion studies transfer analyses have a tendency to privilege agency instead of structure. It is the actors (institutional entrepreneurs, e.g.), who bring new ideas into the political system.

It is important to emphasise that transfer does not have to lead to convergence. “Cut and paste transfer” is rare (Marsh and Sharman 2009, p. 279). Hybridised combinations of outside and local knowledge are much more common. In fact, a range of researchers claim that new policy ideas cannot be imitated or moved in ways that create full homogenous implementation. New policy ideas must always be translated into the existing institutional settings (Whitley 2002, p. ix; Campbell 2004, p. 34; Czarniawska and Sevón 2005, p. 10; Scheuer and Scheuer 2008, p. 144). In this article, we will describe the policy transfer process as bricolage (a new combination of already existing institutional elements) where new ideas are connected to the existing institutions. So to be considered to be appropriate - or simply to have an impact on the transnational political agenda - new ideas must be translated and combined with already existing institutions. The consequence is that transfer always contains an element of transformation (Campbell 2004, p. 102). The transformation can have two effects: 1. the policy idea can get too diffused, which means that it becomes less attractive. 2. The policy idea can be the source of new ideas, programmes and political fashions (Campbell 2004, p. 106; Czarniawska and Sevón 2005, p. 10).

So a new global policy idea can be translated into a policy programme, which repeatedly can be played out in a transnational governance network to reduce risk and transactional costs. As a political program, the policy idea can act as an inspirational catalogue for institutional change. If the programme creates a trajectory of legitimacy it becomes fashionable (Czarniawska and Sevón 2005, p. 135-137). This happens when a range of actors is pushed to adopt the programme to be a legitimate co-player of the transnational governance network. A programme that is played out continuously represents “an institutionalised habit” or compliance in Rosenaus terms.

5. Adding strategic action to the analysis

Spread and bricolage are the main institutional concepts in an analysis which seeks to understand how new policy ideas are framed, circulated, negotiated and institutionalised at the transnational level. But it is not enough to describe the institutional settings and facilitations. We must also describe who sets and facilitate the process of institutional change and persistency. According to Campbell (2004, p. 107), it is an important task for institutional scholars to specify the actors that mobilize ideas. The analysis of institutional change and persistency must be infused with strategic agency. The emerging order in complex policy systems may very well be created actively and with a purpose by strategic actors. Acts of leadership must be taken into account (see also Thompson 2004, p. 416; Byrne 2005). To do this, we must understand the relationship between transnational strategic leadership and compliance. We must describe how transnational institutional leadership emerges and how it creates compliance among the adherents. In other words we must thoroughly describe Rosenau's concept of sphere of authority.

In general, the contemporary literature on global governance ignores questions of leadership. Instead, the self-organizing capability of governance networks is highlighted (Rosenau 2000, p. 181). One obvious reason for this focus could be that global complexity makes it is difficult to pinpoint the key policy entrepreneurs who often work behind the public scene. But also in network analysis, the dialectical relationship between agency and structure must be emphasised (Marsh and Sharman 2009, p. 275). When it comes to leadership, governance networks hold special challenges: Network governance involves a high degree of uncertainty, because several different actors are engaged, and often actors can be replaced continuously (Klijn and Koppenjan 2004). Though each involved actor can act strategically, they are also interdependent, and no single actor has enough power to dominate the others. So leadership cannot be understood as a classic and stable authority-relation. Furthermore, it can be difficult to make a distinction between the strategic decisions of the single actor and the actions of the network. In such an environment, it can be difficult to maintain a notion of individual strategy and leadership.

Though governance strategy cannot be implemented top down, it does not mean that strategic leadership does not matter in governance networks. 'Shadows' of hierarchy, such as introducing rules for the behaviour of partners play an important role (Marsh 1998, p. 189-190; Meuleman 2008, p. 67-71). Concretely, the network governance literature usually focuses on 'softer' instruments of control like benchmarking, bargaining, diplomacy etc. instead of formal rules (Kickert, Klijn et al. 1997, p. 44; Rhodes 1997).

Strategic action in governance networks can be seen as the "initiating and facilitating interaction processes [...] creating and changing network arrangements for better conditions"

(Kickert, Klijn et al. 1997, p. 11). Central to this is the capability of framing, facilitating and negotiating the network-environment (Bogason 2000, p. 58), including new policy ideas and processes. Strategic actors deliberately shape cognitive expectations and modify self-understanding of identities (Sørensen and Torfing 2007, p. 9). The result is an increased integration. So forces of integration (the creation of common beliefs, norms and standards) are important leadership tools (Sørensen and Torfing 2005, p. 87). The point is that leadership in governance networks should mostly be seen as a description of a group process with shifting actors or a strategic pattern of action and less seen as a stable capability of a distinct actor. But the pattern is often easier to study, when you focus on the actions of concrete actors (Bogason and Zølner 2007, p. 232).

The strategic pattern of action behind governance networks corresponds directly with the question of how institutional change and persistency is created. It can be boiled down to two types of strategic actions. First - to negotiate the policy idea (despite its dynamic character), and change it into a common policy programme, so that the policy idea can be spread, and new adherents can be engaged. Second - to qualify the network through learning processes based on bricolage between the existing institutional settings and the new policy idea. In short: the pattern of strategic actions unfolds in both time (bricolage) and space (spread), but it is important to emphasize that the two types of strategic actions are complimentary. Governance networks need both of them.

This conceptualisation can be used to understand the creation of sphere of authority and strategic actions in transnational networks. Strategic actors in transnational governance network can, through their practical actions, facilitate an environment that makes specific emergent effects more or less possible. By creating common beliefs, norms and standards - or ‘badges’, adherents can be recruited and compliance can be created through increased network integration. The result will be a loose-coupled strategic pattern, which no single strategic actor is in control of.

The theory is summed up in table I. It provides the basis for a range of analytical questions relevant in the analysis of transnational institutional change.

Table I: Model for analysing institutional change in transnational governance networks

		Change mechanisms:	
		Spread	**Bricolage**
Institutional concepts:	**Paradigm**	How is the paradigm spread?	Can we identify different translations of the paradigm in different institutional contexts?
	Programme	What programmes are spread?	Can we identify different translations of programmes?
Concept of sphere of	**Pattern of strategic action**	How is the strategic pattern behind the spread unfolded? How does it facilitate spread?	How does the strategic pattern behind the bricolage contribute to network learning? How does it facilitate bricolage?

The model uses an institutional change perspective to describe Rosenau's concept of sphere of authority. Institutional change in transnational governance networks takes the form of both spread and bricolage, driven by patterns of strategic actions. The patterns of strategic actions facilitate spheres of authority in global space, and the policy ideas the transnational networks is build upon creates compliance, when adherents attempts to be legitimate co-players of the network.

The interpretation of Rosenau presented here must of course be submitted to empirical testing. It what follows the conceptualisation and questions of table I will be used to describe a specific case story of global governance: The case of microcredit.

6. The case of microcredit

The basic idea of microcredit is to loan poor people small amounts of money, so they can start their own businesses. Microcredit makes it possible to buy seeds, a bicycle, start a small chicken farm or to do more or less anything that makes it possible for poor people to be self-employed and self-sustaining. Instead of giving support and grants, the idea is to use the skills and initiative of poor people to change the circumstances of their lives.

The modern history of microcredit is linked to the creation of Grameen bank in Bangladesh and especially one person: Muhammed Yunus, the founder of Grameen Bank, who received the Nobel Peace Prize in 2006 for his struggle against poverty. But Grameen is certainly not alone in the microcredit field. The Grameen story, with its clear characteristics of institutional entrepreneurship, is embedded in a much broader story of institutional change.

7. Institutional change

How is the paradigm spread?

The following section describes the spatial spread of the microcredit idea as well as the logic behind the spread. The spread of the microcredit paradigm mainly took place in the middle of the 1990s, where microcredit became recognised as a mainstream development policy tool (Dalgic 2007, p. 16). The Grameen model of microcredit plays an important role in this break-through. According to the Grameen Foundation, the Grameen model of microcredit has spread to five continents (Count 2008). The organisational offspring of Grameen Bank – the Grameen Foundation – has had a huge influence on the spread of the Grameen model. The Grameen Foundation is a Washington-based organisation and power-broker which attempts to influence the global policy field of microcredit by maintaining and developing a global social movement of microcredit.

But a wide range of other actors has also been active, some of them for decades, playing their part in the spread of the paradigm. There are informal financial service providers, which include moneylenders, pawnbrokers and savings collectors. There are member-owned organizations, which include self-help groups, credit unions, financial service associations - they are general small and local organisations and with little financial skills. There are the NGOs, among them Grameen Foundation and Grameen Bank. There are the formal financial institutions, which include commercial banks, state banks, agricultural development banks, savings banks, rural banks and non-bank financial institutions. Of great importance among these are the World Bank and its branch the CGAP (Nieto 2005; Helms 2006, p. 35). Also American philanthropists - especially The Bill & Melinda Gates Foundation, George Soros and The Ford Foundation play an important role in the microcredit field. Some of them have supported Grameen since the beginning in the 1970s.

Most significantly in the spread of the microcredit paradigm was the World Bank's recognition of microcredit as a relevant policy tool in development policy. Two events in particular mark this: First the establishment of the CGAP in 1995 (Consultative Group to Assist the Poor), a multi-donor initiative established to nurture and spread the experiences of pioneer retail institutions and practitioner networks in microcredit. The CGAP is both a knowledge providing branch of the World Bank, but is also part of a governance structure. Second: the Microcredit Summit, in Washington DC in 1997. Here James Wolfensohn, President of the World Bank, endorsed the action plan of the meeting with some caution, saying that “microcredit is not the singular answer to poverty, but an important one” (Kidder 1997, p. 432).

Research by Dalgic (2007, p. 8) shows that the microcredit paradigm travelled into the World Bank as part of a broader set of ideas, namely the importance of social capital in developing countries, women’s economic rights etc. But the change of the World Bank position had been underway for a long period. The bank has gone through an extensive transition in the last 20 years (O'Brien, Goetz et al. 2000, p. 10 & p. 63). Investments in huge physical infrastructure have been replaced with investments in economic infrastructure (political and sector infrastructure). The change on microcredit was also initiated by external pressure: In the 1990s an emerging class of microcredit power-brokers (based in places like Washington, New York, London, Geneva and Paris) were recruited and mobilised for the emerging global movement. They critiqued the World Bank and put pressure directly on the bank, and indirectly through the national governments, which are board members of the World Bank (Dalgic 2007, p. 9; Count 2008, p. 5). All in all, the World Bank could not ignore microcredit as a political phenomenon or the movement behind the idea.

All of these actors mentioned above are connected through several different horizontal and vertical networks relations, national associations and transnational coalitions and alliances (Copestake 2003, p. 537) in what can easily be seen as a transnational governance network. The microcredit governance network clearly has the characteristics of a broad and loosely coupled network. Since the transnational space has weak possibilities of formal legal sanctions the microcredit paradigm can still be implemented differently by the different organisations in different institutional contexts. But these organisations still got the same (more or less) institutionalised habit of providing loans to poor people. So instead of following a specific regulative model of microcredit, the paradigm is used as a ‘badge’ that signals institutional conformity. This conformity is based on a normative and cognitive integration into a transnational governance network of microcredit.

What programmes are spread?

The overall purpose of spreading policy programmes is to decrease transactional uncertainty and enhance network stability. Spreading a policy programme creates compliance towards (one of more) of the spheres of authority of microcredit. But again, there is no formal transnational system of sanctions to prevent unauthorised use of these programmes. This underlines that transnational institutionalising is much more precarious than institutionalising on the national level.

The programming activities of the two leading organisations of microcredit – Grameen and the CGAP - take the form of publically available concepts, theories or recipes that specify how concrete policy problems can be solved.

Through programmes they authorise or enable actors to make institutional changes. Some of these programmes are aimed at connecting donors and microcredit providers. Others create a shared meaning and identity, or in other words the normative and cognitive frames of microcredit. The creation of the concept of MFI (Micro Finance Institution) is a significant example of such an identity-construction. The construction is used to describe a multitude of different microcredit setups. With the MFI-role they all receive a common identity in the global economy.

When it comes to more specific policy programmes, there is a range of other good examples from both Grameen and the CGAP. A significant example is the launch of the Grameen II model, or the Grameen Generalized System, which among other things should make it easier for the poor struck with illness to pay back their loans (Count 2008, p. 5). The model can also be seen as an answer to the critical debate of the impact of microcredit on third world poverty (Rogaly 1996; Mallick 2002; Bernasek 2003). Today, Grameen attempts to transform the idea of microcredit into a whole institutional setup (a platform according to Count (2008) of microsavings, micro insurance, health insurance and health clinics, pension schemes, renewable energy, telecommunication ("GF Village Phone Program", which is used in Uganda and Rwanda (Wendt and Eichfeld 2006, p. 6). Ideally all of these initiatives will create a full financial local infrastructure for the poor. The Grameen Foundation has also launched the PPI, "Progress out of Poverty" campaign, created the "GF Microfinance Growth Gurantees", and lately proposed a third party certifying of MFIs.

The CGAP has launched "the CGAPs Product Costing Tool", which is available on the Internet, "The Microfinance Gateway", which is also a Internet-based media for the microcredit community, as well as the "Microfinance Funder Survey" that monitors the development of microcredit. Most significant for this article is the CGAPs creation of the "Good Practice Guidelines for Funders of Microfinance" and the "Appraisal Guide for Microfinance Institutions". Together these initiatives can be seen as the GCAP answer to the Grameen II model.

With these activities, the two organisations attempt to frame the idea of microcredit, the problem of poverty as well as the identity of the involved actors. They translate the idea of microcredit into a set of codified programmes that promise to solve specific problems for the poor. By doing so, the two organisations also attempt to stabilise and to increase the transnational governance network of microcredit and take positions as leading actors in the network.

8. Bricolage

Can we identify different translations of the paradigm in different institutional contexts?

The World Bank/the CGAP and Grameen have had a long and sometimes difficult relationship. They represents each of the two main world views on - or in fact translations of microcredit: First, the view that the core business of microcredit is poverty reduction. And second, the view that microcredit is a variation of commercial banking (Count 2008, p. 6). According to this, the World Bank/the CGAP microcredit is not so much a social movement as it is a new business, a business that needs to grow and mature (Dalgic 2007, p. 31), see also (Weber 2002; 2004).

The Grameen Foundation was founded (in 1997) as a direct consequence of Grameen's disappointment with the CGAP. Grameen has from the beginning focused on getting funds and grants from local investors (as well as American funds and philanthropists). It has mostly - but not completely - refused to be supported by the World Bank. The aim has been to avoid the World Bank and to build a network of local funds, philanthropists, influential politicians (among others American top-Democrats like the Clintons) and MFIs.

The rivalry can partly be seen as a result of the changed position on microcredit by the World Bank. According to Grameen Foundation director, Alex Count, the World Bank has for a long time attempted to embrace (and control) Grameen and the movement as a whole:

> “Notwithstanding some real disagreements on substance, the inability to partner creatively seems to be based partly on style. The unplanned but somehow inevitable attempt by the CGAP to seize the role of “thought leaders” in microfinance has irked many experienced practitioners and obscured some of the positive results they have produced over the years” (Count 2008, p. 210).

Both organisations share one clear characteristic: They are banks, depending on the trust in them as responsible financial institutions. But there are also huge differences – not only in resources, size and scope, but also in the institutional building blocks of the two organisations:

- Grameen is not just a bank. It is also a NGO. It has commercial interests, but attempts to frame itself as a “social business”, where business is the tool to reduce poverty. So Grameen microcredit is not just simply to provide loan to poor people. The main mission is the struggle against poverty.

- The World Bank is not just a bank. It is also a development organisation (O'Brien, Goetz et al. 2000, p. 26) - and an expert organisation that must produce coherent knowledge and present clear and consistent policy solutions for its clients (Dalgic 2007, p. 9). Because of its identity as a development organisation the bank must be able to frame new policy programmes in both economic and social terms (Dalgic 2007, p. 27).

These differences in institutional settings create the basis of the two organisations translations of microcredit in their own image. These translations can be characterised as bricolage:

- Grameen’s translation of microcredit is a bricolage between the financial and the social obligations of MFIs: the social enterprises (Count 2008). The social enterprise-identity should make it possible for the same MFI to keep both the identity of a business enterprise and the identity of a social development organisation. In the long run there is no contradiction between financial and social goals, Grameen argues. MFIs can maximize both their social impact and their financial returns.

- The World Banks translation of microcredit is a bricolage between classic World Bank ideology such as self-sustaining and autonomous markets and the promotion of market institutions and the long term purpose of microcredit: getting people out of poverty through economic development. This is done fairly easily because the basic idea of microcredit has characteristics like individual economic agency, market-orientation, and the promotion of market-institutions.

The rivalry between these two organisations is a fight of maintaining and transforming the next institutional fashion of microcredit. If the Grameen Foundation or the the CGAP does not try to do it – some one else will. To keep a leading position, they must translate and frame to maintain and expand the compliance of their adherents.

Can we identify different translations of programmes?

As previously mentioned both Grameen and the CGAP have talked about MFI, micro finance institutions, since the 1990s, as though MFIs were a clearly evident and homogeneous phenomenon. In reality we have a multitude of different local translations of the MFI-role (more or less local/regional/ and commercial/non-profit etc.). This multitude of translations spurs the rivalry between Grameen and the CGAP. The two organisations certainly do not agree on what the MFI-role includes.

The dispute on the Mexican MFI Compartamos is one the most significant examples of this conflict. Compartamos does not follow the Grameen model of giving the clients shares/ownership to the bank. In 2007, Compartamos launched an initial public offering in which 30 percent of the MFI was sold to investors. The public offering netted some 450 m. US dollars and valued Compartamos at about 1.4 billion US dollars (Daley-Harris 2009). Compartamos is now owned by international agencies, wealthy Mexican investors and its employees (Count 2008, p. 299). The CGAP tend to believe that the Compartamos-model sends a positive signal to the established capital market. Maturing as commercial banks could make the often very small MFIs more interesting and accountable for the established finance-industry. Grameen criticises the Compartamos-model, because the MFIs run the risk of loosing their goal of making a social impact. Some critics have argued that Compartamos charged extraordinarily high interest rates to clients (which helped Compartamos to build up a solid equity base) and that the ownership structure does not allow the clients who paid those high interest rates to share in the profits of the public offering (Daley-Harris 2009). If the Compartamos-model gains success, critics believe it will connect the transnational governance network closer to the established financial sector, making the MFIs much more dependent of commercial banks. The social purpose would be down-prioritised, and Grameen would loose influence.

The current financial crisis can very well increase the conflict between commercialization and social purpose. The difficulties of getting credit from the established loan market may be an even higher barrier for the small MFIs. The Compartamos-model can be a way of overcoming this barrier. But we are still to see the outcome of the conflict.

9. Strategic patterns

How does the strategic pattern behind the spread unfold? How does it facilitate spread?

As previously mentioned, it can be difficult to make a distinction between the strategic decisions of the single actor and the actions of a transnational governance network. So leadership cannot be understood as a classic, stable authority-relation. Instead, strategic actors attempt to build and influence sphere of authority through strategic patterns. This is also the case with Grameen and the CGAP. The strategic patterns emerge when the two organisations deliberately attempt to shape the cognitive expectations connected to the microcredit paradigm, and try to influence the self-understanding and identities of the MFIs.

Also as previously mentioned the leadership behind transnational governance networks can be boiled down to two types of strategic actions. First - to negotiate the policy idea (despite its dynamic character) and change it into a common policy programme, so that the policy idea can be spread and new adherents can be engaged. Second - to qualify the network through learning processes based on bricolage between the existing institutional settings and the new policy idea. The two types of strategic actions are complimentary. Transnational governance networks need both of them. The strategic pattern behind the spread of the microcredit paradigm corresponds mainly to the first type of actions. The strategic logic behind the spread is based on corporation and integration.

Both Grameen and the CGAP attempt to enact their own strategic pattern to uphold their spheres of authority. But despite the rivalry, both organisations still correspond to the microcredit paradigm. Both claim that there is a significant domestic impact of the idea. So the rivalry is not so strong that one of them would break out of the existing governance network. The transaction costs and risks of doing so are simply too high, which makes the two organisations interdependent. Though Grameen clearly enacts MFIs as social businesses, it is also a bank, interested in sustaining the credibility of mature MFIs at the loan market. Though the CGAP clearly enacts MFIs as commercialised banks, it is also interested in sustaining a relative committed behaviour by the MFIs to fight poverty through business. So the strategic patterns of the two organizations overlap, in the sense that they are two ways of enacting the same range of organisations (the MFIs). Grameen may not recognise the reform results that there have been so far in the World Bank. But this lack of recognition can be interpreted as a strategic manoeuvre rooted in the interdependency of the two organizations: If Grameen recognises the World Bank's reform result as appropriate, it would take of the pressure off the World Bank, and history shows that pressure is an important tool necessary to influence World Bank policy.[ii]

So cooperation between the involved actors is the overall strategic logic when it comes to the spread of the microcredit paradigm. Despite different translations of the paradigm both the CGAP and Grameen are interested in spreading the paradigm and recruiting new adherents.

How does the strategic pattern behind the bricolage contribute to network learning? How does it facilitate bricolage?

The second type of strategic action in transnational governance networks aims at learning processes that attempts to change the network in a qualitative sense. These learning processes are based on bricolage between the existing institutional settings and the new policy idea.

Though the strategic patterns the two organisations' attempts to establish what?? are overlapping, the difference in interests between the two organisations also creates differences in the strategic approaches of the two organisations. So the network does not only contain forces of integration, but also forces of disintegration. The two organisations are also rivals. This rivalry gives the governance network of microcredit a polycentric structure with two spheres of authority competing for dominance.

The sphere of authority the CGAP is trying to establish wants to develop microcredit into a mature commercialised business that can support the common good of developing countries (Lauer 2008). In the process of maturing, the MFIs will need nursing and guiding. the CGAP is the organisation which can provide that. The latest financial crises shows how vulnerable a new financial business can be, and that is why the CGAP must provide clear, coherent programmes and targets for the MFIs. These programmes represent translations of the idea of microcredit in a commercialised manner. Small, local MFIs are urged to merge or at least cooperate with the established credit industry. And vice versa: The established credit industry in developing countries is encouraged to go into microcredit.

The sphere of authority Grameen is trying to establish attempts to fight poverty through social enterprise and social entrepreneurship, and ensure that the idea of microcredit is tied to the goal of making a social impact. Maximizing profit cannot be a goal in itself. The idea of a full financial local infrastructure for the poor and the "social enterprise" identity" can very well be described as a new 'badge', which can be used not only to renew the sphere of authority of Grameen, but also to build new coalitions. Though it is risky and cost-full it could look as though Grameen's strategy points in the direction of breaking away from the existing governance network. This strategy seems more risky than the strategic path the CGAP has taken. The CGAP-sphere of authority has clear characteristics of bricolage, where ideas must be translated and combined with already existing institutions to have an impact. The Grameen-sphere of authority represents a more radical approach to institutional change. You could argue that Grameen runs the risk of making the paradigm too diffused and loose the compliance of their adherents. But that may not be the case.

On the one hand, the actors are clearly interdependent, caused by their embeddness in the existing governance network and the institutional settings. The interdependency could point to incremental change as the nature of institutional dynamics in transnational environments. In that case, the interdependency in a transnational environment would make moments of radical change rare or even impossible. On the other hand it can be argued that Grameen's great ability to translate the idea of microcredit compensates for the lack of correspondence with the existing institutional structure. Without a high degree of translation, Grameen would not be attractive for the microcredit environment.

Both of the two organisations want to create institutional change. But the CGAP has a step-by-step strategy and is much more focused on stabilizing the institutional dynamics of the transnational governance network. Grameen aims a creating a full-scale transformation of the field, where the institutionalised habit is replaced with a new one. The relationship between the two organisations can easily be seen as rivalry. But it can also be described as an unintended division of labour, building on the different capabilities of the two organisations and their spheres of authority: The CGAP-sphere of authority is built on the ability to make incremental changes in the existing institutional structure. The Grameen-sphere of authority builds on the ability to keep the pressure on the existing structure by suggesting more radical changes. To put it briefly: the CGAP exercise the strategic action of today. Grameen exercises the strategic action of tomorrow.

Both organisations have a tendency to ignore the domestic translations of the paradigm. This could very well be a significant characteristic of strategic action behind global governance. In that case strategic actors in global governance only take temporal translations of ideas into account and rarely give any concern to local or, in fact, spatial bricolage. Local/spatial bricolage is clearly a part of the field. The paradigm of microcredit is translated and transformed for domestic use. But the recognition of local bricolage would probably increase the complexity and the instability of the governance network in the eyes of the two leading organisations.

However, at this point there is also a slight strategic difference between the two organisations: The World Bank's identity as an expert organisation that always produces coherent policy instruments, does not work well together with an analytical approach, where local or domestic considerations for and against a specific programmes like microcredit are reflected. Though there has been an intense debate on microcredit, especially since 2001 (Rogaly 1996; Chavan and Ramakumar 2002; Mallick 2002; Bernasek 2003), the critics have not made the World Bank less positive. According to Dalgic, the bank wants to propose "a mechanism that works with the given cognitive assumption that integration with the international markets and expansion or private entrepreneurship always generates positive social results" (Dalgic 2007, p. 27). So the debate on microcredit is more or less ignored by the World Bank. Incremental changes may occur, like the Bank's acknowledgement of microcredit, but most of the time the bank wants business as usual.

Contrary to the World Bank, Grameen cannot ignore criticism. The credibility of Grameen is at stake every time criticisms are raised against the idea of microcredit. Grameen’s defence is not just to launch new research that documents impact. As part of the defence, the idea of microcredit is translated in a way that attempts to take the criticisms into account. The Grameen II model (or the Grameen Generalized System) was launched partly as an attempt to open up the paradigm for local translations. So according to the strategy it follows, Grameen must be open for domestic experiences that can enhance the learning of the transnational governance network of microcredit.

The results of the analysis are summed up in table II.

Table II: Institutional changes in the policy field of microcredit.

		Change mechanisms:	
		Spread	**Bricolage**
Institutional concepts:	**Paradigm**	The microcredit paradigm is diffused through normative and cognitive spread. Microcredit is a institutional ‘badge’ in the transnational development policy environment	The paradigm is translated into two different versions, in two different institutional settings: microcredit as poverty reduction vs. microcredit as business.
	Programme	To lower transactional costs programmes containing concepts, tools and techniques of how to do proper microcredit are spread. As part of this process is the spread of the MFI-role.	The Grameen II model and the World Bank/CGAP modelling are two different ways of programming the paradigm of microcredit.
Concept of leadership:	**Pattern of strategic actions**	The strategic pattern behind the spread is characterised by coorperation between the most influencing actors	The strategic pattern behind the bricolage is characterised by competition between the most influencing actors.

10. Conclusion

The article has demonstrated the relevance of new institutional change literature in global governance research. The approach suggested helps researchers to understand how new policy ideas are framed, circulated, negotiated and institutionalised at the transnational level. In particular, the approach helps researchers to understand what role strategic actors play in the change and governance of transnational institutions. At this point, the approach uses an institutional change perspective to describe Rosenau's concept of sphere of authority.

Lack of transnational institutions and formal hierarchy in global space creates a basis for transnational policy networks, who sets, co-operate and compete on different policy ideas in the attempt to institutionalise and govern emerging transnational policy fields.

Institutional change in policy processes can be studied as transfer or diffusions. But transnational governance network contains both mechanisms. So both mechanisms must be part of an analysis of institutional change. In this approach, institutional change takes the form of both spread and bricolage. These mechanisms are intertwined, but can be separated analytical.

A new global policy idea can be translated into (one or more) policy programmes, which repeatedly can be played out in a transnational governance network to reduce risk and transactional costs. A political program, the policy idea acts as a 'badge', when actors attempt to be legitimate co-players (adherents) of the network. The 'badge' signals a degree of conformity with a policy community. When a range of actors adopt the programme, it creates a trajectory of legitimacy, and a programme that is played out continuously represents "an institutionalised habit" or compliance with a sphere of authority.

The approach suggested here take strategic agency and leadership into account. Spheres of authority are created actively and with a purpose by strategic actors through emerging strategic patterns. So the political actors try to influence transnational strategic patterns. Through their practical actions they facilitate an environment that makes specific emergent effects more or less possible. Strategic actors in transnational governance networks can shape cognitive expectations and modify self-understanding of identities, in the attempt of spreading and translating new policy ideas. By creating common beliefs, norms and standards or 'badges', adherents can be recruited and compliance can be created through increased network integration. The result will be a loose-coupled strategic pattern which no single strategic actor is in control of.

Through a case study of microcredit the article demonstrates how the suggested approach to analyse institutional change helps global governance researchers to understand the complex characteristics of transnational problem solving, as well as the connection between strategic agency, institutional change and persistency. The case of microcredit shows how a new policy idea is translated into different political programmes that repeatedly are played out in two overlapping global strategic patterns. Both the CGAP and Grameen attempt to conquer and hold authority – or to create and influence spheres of authority – in the transformation of the policy idea of microcredit. But they do it in somewhat different ways: Transnational strategy consists basically of two types of actions: First, to negotiate the policy idea (despite its dynamic character) and change it into a common policy programme, so that the policy idea can be spread and new adherents can be engaged. Second, to qualify the network through learning processes based on bricolage between the existing institutional settings and the new policy idea. It is important to emphasize that the two types of strategic action are complimentary.

The CGAP exercises mainly the first type of leadership – Grameen exercise mainly the second type of leadership. The CGAP defends the translation of microcredit as a commercialised business. This makes it easier to accommodate microcredit to the existing, institutional settings in the form of the established local as well as the transnational financial industry. Grameen attempts to make a radical institutional change, when it is transforming the idea into a full-scale financial platform. These two strategic patterns can be seen as an unintended effect of a division of labour between the two organisations. The transnational governance network needs both of them.

The case study also shows that forces of network integration are clearly the strategic tool behind the spread of the new policy ideas. Here strategic actors coorporate in the attempt to spread the policy idea. But when it comes to bricolage, forces of disintegration, in the form of competition also plays a significant role.

Future research

The case study of microcredit is just one illustrative example of the institutional change and strategic agency at the transnational level. More research and especially more case studies are needed to develop the approach described here. What follows is a whole range of implications for future research:

The analysis here has only looked at the two concepts of "paradigm" and "programme". Though it may be a complicated task there are good reasons for applying Campbell's two other central concepts "frames" and "public opinion" into the analysis. More concepts would improve the density, but also increase the complexity, of the qualitative dataset.

Future studies must also take the intertwined character of transfer and diffusion into account. A narrow diffusion study would simply conclude that convergence makes the MFIs more alike, and a narrow transfer study would conclude that the process do not necessarily conclude convergence. The distinctiveness between the actors remains. But both mechanisms are clearly part of the institutional change process.

Furthermore, the case study confirms that forces of network integration are clearly an important strategic tool behind the spread of the new policy ideas. Here the strategic actors coorporate in the attempt of spreading the policy idea. But when it comes to bricolage, forces of disintegration, in the form of competition plays a significant role. Further research needs to be done to clarify whether competition is a general mechanism in transnational governance networks.

In future research it would also be obvious to follow one or two of the programmes Grameen and the CGAP have launched to see how they are formed, how they connect, mobilise and recruit, and how they are being used and translated locally. In would also be obvious to track local MFIs to see how they can be tied to both types of strategic patterns. Is overlapping governance possible? What are the dilemmas and conflicts? How do adherents comply with more than one sphere of authority?

The case study shows that the internal models of the two leading organisations matters. The above mentioned division of labour has a lot to do with the huge differences in the internal organisation of the two organisations: Microcredit is the body and soul of Grameen, but it is only one of several programmes maintained by the World Bank. Following this, the case study also shows that changes of internal models matters. In that way external change is connected to internal change: actors change institutions at get changed by institutions. Not only do the two organisations adapt continuously to the dynamic and complex environment they are a part of, they also change their internal models as they attempt to transform the external environment.[iii]
The issue of internal models raises the question of whether network theory provides the best analytical tools to grasp the complexity of global governance. While network theory

traditionally has provided us tools for mapping the external complexity, the case study here implies that it can be useful to adopt a taxonomy of complexity to map the internal complexity of the strategic actors.[iv] An important aspect of this debate is how the complexity-concept is to be used methodologically: "The core challenge is to balance the tendency toward theoretical complexity with the need for simplicity to avoid replicating the multidimensional and multi-causal nature of current world politics." (Dingwerth and Pattberg 2006). So despite increased global complexity scientific explanation must still be possible, and researchers must still produce coherent scientific narratives. More research is needed to find the balance between complex theory and simple explanation in global governance studies (Byrne 2005, p. 97).

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[i] The case study is based on published and written material (reports, news letters, books etc.) from mainly two sources: The World Bank/CGAP and Grameen Foundation. Furthermore a range of research articles on microcredit are also taken into account as empirical material.

[ii] The analytical point made here can be supported by other research in the governance of the World Bank. Since 1982 the World Bank has increased its dialogue with NGOs, but only in a few cases have NGOs been involved as policy makers. This is also changing, because the NGOs are increasingly providing research based inputs to the bank O'Brien, R., A. M. Goetz, et al. (2000). Contesting Global Governance: Multilateral Economic Institutions and Global Social Movements. Cambridge, The Press Syndicate of the University of Cambridge.

[iii] The importance of internal complexity is to some degree recognised in institutional research of multinational companies (Morgan, Hull Kristensen etc.) But so far not in research of international NGOs. Morgan et al. see the multinational firm as a specific form of transnational community (pp. 10), instead of a homogenius rational goal-directed economic actor A similiar approach is needed in global governance studies.

[iv] While the network approach attempts to describe external complexity, the aim for the complex global governance approach is to describe both external and internal complexity. For example, the environment constrains what is possible for agents to do, so they must “select” behaviours that are the most appropriate within current institutional arrangements. Selection means that agents adapt (they learn) or are eliminated. Agents adapt through learning, which means that learning is the cognitive adjustment that increases behavioural survivability in a selective environment. In other words agents change their desires and beliefs about how to achieve their desires. They change their internal model Harrison, N. E. and J. D. Singer (2006). Complexity is more than systems theory. Complexity in world politics - concepts, and methods of a new paradigm. N. E. Harrison. New York, Sun Press**:** 25-42.

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