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Interfield Dynamics: Law and the creation of new organisational fields in the nineteenth-century United States

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ABSTRACT
This article draws on the concept of 'strategic action fields' to examine the interaction of law and organisations in the nineteenth-century United States. Focusing on the emergence of savings banking, it analyses how new legal rules were created to define the actors, actions and relationships that constituted the organisational field. The article develops three conceptual claims about the dynamics of institutional contexts: (a) the configuration of state fields shaped the nature and timing of legal rule making vis-à-vis organisational fields; (b) state actors engaged in 'inter-field framing' by applying analogies from the legal field to define social order in the organisational one; and (c) the legal and organisational fields were mutually constituted through these interactions. The article concludes by elaborating on the broader value of the theory of fields in business history.

Historical institutionalism represents a particularly promising arena for scholarly dialogue between history and organisation theory. Whereas sociological neo-institutional theory, and economic new institutional theory, focus on how rules and norms of the social environment structure organisational behaviour, historical institutionalism allows for a more contextual and contested understanding of how institutions interact in particular historical moments, how actors and social movements gain agency to bring about change, how meaning, ideas, and framing matter in this process, and how things change rather than how they stay the same. Its epistemic assumptions and even its methods are hence a good fit with business history.

One particularly important reason to see promise in historical institutionalism as an arena for dialogue between historians and theorists is that it explicitly seeks to develop and articulate a more robust conception of institutional context. Unlike new institutionalism in sociology and economics, which tend to treat institutions as structural and relatively stable rules or codes that shape the behaviour of actors and organisations, historical institutionalism is attentive to the period-specific, relational and constantly changing character of institutional interactions. Historical institutionalism hence offers the opportunity to re-conceptualise how we think about institutions by taking into account the dynamics of the broader contexts in
which institutions are embedded. Institutional context, in turn, can be examined as an object of analysis rather than as a given ‘condition’ or ‘background’ of the environment.

Within organisational theory, work that considers the dynamics of institutional contexts is relatively new. In large part, this is because organisation scholars have long focused on the ‘organisational field’ as the primary unit of analysis and often given little attention to higher-order institutions and the interactions between institutions in their accounts. As Fligstein and McAdam point out, ‘virtually all the previous work on fields … focuses on the internal workings of these orders, depicting them as largely self-contained, autonomous worlds,’ and ignores the ‘central analytic importance’ of the ‘broader environment within which any given field is embedded.’ Likewise, in the introduction to an important special issue on institutional theory, Dacin et al. offer the self-critique that management and organisational scholarship ‘tends to focus on more micro levels, shorter time periods, and incremental change processes,’ ignoring higher level institutions and their interaction with organisational fields.

Historical institutionalists in political science and economic sociology have been at the forefront of efforts to develop a more robust conception of institutional context, but its application to management and organisational research is relatively limited. A host of questions on institutional context remain to be addressed, such as how the relationships between institutions are configured, how and why institutional configurations differ over time and place, and when and how they change. Business historians, who have long claimed to have a comparative advantage in understanding how firms and organisations work in context, hence have an opportunity to contribute to the cross-disciplinary dialogue on the nature and dynamics of institutional contexts.

In this article, I seek to contribute to the development of a more robust understanding of institutional context by examining the interaction between an emerging organisational field (i.e. savings banking in the nineteenth-century US) and the field of law (which itself was changing in fundamental ways). Specifically, I focus on the role and actions of judges as actors who were positioned at the intersection of the two fields, and whose decisions vis-à-vis one field (the law) shaped the definition and institutionalisation of the other field (savings banks). Savings banks were first established in the United States in 1816 to provide depository financial services for working people but, as late as the 1830s, there remained tremendous diversity in the form and behaviour of such organisations. Over the following decades, lawmakers (particularly judges) established a novel set of legal rules, precedents and standards to govern savings banking as a distinct organisational field. These rules explicitly defined what constituted a savings bank, how they should behave and how they related to other actors in the economy. This paper seeks to develop an explanation for when, why and how judges created new rules and standards that constituted and governed savings banking as a distinct organisational field.

I find that judges in the United States wielded particularly strong influence in defining the field of savings banking because of the way in which federalism and a relatively weak central state devolved authority to courts to determine the nature of organisations and organisational fields. Their authority was particularly important during moments of crisis, in part because the nature of the relationship between the field of law and the emergence of new organisational fields hinged on the former’s role in resolving individual disputes. Moreover, I find that judges established rules for the new organisational field by interpreting it within the framing logics of the legal field and then used analogies to settled areas of the
law to define the character of savings banking. This process of ‘inter-field framing’ not only served to define the legal rules and standards governing the new organisational field, but also consolidated the authority and elaborated on the framing logics at work in the legal field.

The article begins with a conceptual discussion of institutional context and draws on the theory of strategic action fields as a way of thinking about context in historical institutionalism. Next it describes the case, the sources and the methods used in the article. In Sections 3–5, I explore when and how judges made rulings that governed the field of savings banking. To organise this examination, I use McAdam and Scott’s definition of a ‘field’ as ‘a system of actors, actions, and relations’ – whose participants take one another into account as they carry out interrelated activities.”

Section 3 shows how judges determined legitimate organisational actors in the field by drawing on the understanding of corporations as contracts between states and incorporators. Section 4 examines how courts extended the contractual framework for organisations by developing the common law of ultra vires to articulate organisational actions that were considered beyond the scope of the contract. Section 5 considers how judges articulated organisational relations by examining how the common law of trusts was used to define the nature of a director’s fiduciary duties. Finally, I conclude by drawing out the theoretical implications for how we conceptualise and analyse institutional contexts, and by considering the value of the theory of fields as an approach to business history.

1. Institutional contexts and the dynamics of fields

The appeal of historical institutionalism, when compared with both sociological neo-institutionalism and rational-choice economic institutionalism, rests in large part on its more robust approach to institutional context as an object of analysis.

Neo-institutional theory in sociology, when it first developed, seemed to offer a socially embedded theory suitable for historical analysis because it accounted for social influences and pressures an organisation faced beyond the technical and material circumstances that shaped it. Its theorisation of the ‘social’ and the ‘contextual,’ however, remained highly stylised. Institutions were taken-for-granted rules, codes, or norms from the environment that shaped organisations, and were categorised into regulative, normative and cognitive influences. But, several assumptions and features of neo-institutional theory proved a poor fit with historical research: (a) institutions were presumed to be highly stable and hence structural over time; (b) institutions were presumed to be highly functional in that they assumed a relatively clear rule-like form rather than being inherently vague, uncertain, interpretable, and contested; and (c) analysis of institutions remained focused on the level of the ‘organisational field,’ the constellation of actors, actions and meanings presumed to comprise relatively self-contained arenas of social life.

Over time, neo-institutional theory has done much to relax and revise the first two assumptions. It has taken on issues of agency and change through the incorporation of such constructs as institutional entrepreneurship, institutional work, and social movements. And, it has incorporated notions of institutional multiplicity, interpretability, and contestability by integrating discourse, rhetoric, and institutional logics. While these represent important developments that have made neo-institutional theory more ‘history friendly,’ they remain built atop the foundational assumption that institutional environments tend to remain stable, rather than assuming that they are subject to constant change and
contestation. More importantly, little effort has been made within neo-institutional theory (especially as it is applied in management and organisational research) to consider the dynamics of broader institutional contexts, such as the relationship between various institutions and fields, as Fligstein and McAdam point out.\textsuperscript{25}

The treatment of context in rational-choice and economic approaches to institutionalism is typically even more truncated.\textsuperscript{26} The analytical focus of the theory is on how institutions shape transactions and patterns of ownership and payoffs, rather than on the origins and dynamics of institutions themselves, or the contextual relationship between institutions. Ironically, business historians have sometimes been drawn to rational-choice institutionalism\textsuperscript{27} despite its lack of conceptual and analytical attention to the nature of institutional contexts, hence accepting the questionable assumption of rational-choice institutionalism that institutional environments and contexts provide relatively clear rules of the game.

Historical institutionalism, unlike sociological neo-institutionalism and rational-choice economic institutionalism, has devoted considerable attention to time and context as \textit{analytical} constructs within the theory of institutions.\textsuperscript{28} The most robust explanations of historical institutionalism have been developed by historical political scientists and political historians, and have often been explicit in how their approach differs from the version of institutional theory presented by economic and sociological institutionalism.\textsuperscript{29} More recently, many historically oriented economic sociologists, particularly those examining how social movements lead to institutional change, have explicitly borrowed and built on some of the conceptual contentions of historical institutionalism,\textsuperscript{30} often drawing on empirical studies in historical sociology.\textsuperscript{31} Fundamentally, these approaches to historical institutionalism share an emphasis on analytical attention to the dynamics of institutional contexts. Rather than presuming institutions as relatively stable, rule-like patterns, they posit that institutions are historically contingent and time-bound constellations that inherently change over time, often through interactions with other institutions or with social movements, and that institutional research should focus as much on the relationship between institutional configurations and patterns of institutional change over time as on their effects on organisational behaviour and choice.\textsuperscript{32}

A key assertion of historical institutionalism is that institutions cannot be analysed in isolation but must be considered in relationship to other institutions and to the historical contexts in which they matter. Hence, historical institutionalists often refer to ‘institutional configurations,’\textsuperscript{33} or the ‘institutional landscape as a whole,’\textsuperscript{34} and emphasise ‘the relational charter’ rather than the formal character of institutions.\textsuperscript{35} The approach also highlights that institutions ‘happen within a historical context’,\textsuperscript{36} needing to be understood as time and place specific developments rather than as trans-historical social structures. Such views of institutions move toward a sense of institutionalism as relational, complex and context-dependent, with the premise that a primary object of institutional research is to explain the ways in which various institutions governing social, political and economic life relate to one another and interact over time. Historical institutionalists hence ‘analyse macro contexts and hypothesize about the combined effects of institutions and processes’ rather than examining just one institution or process at a time (emphasis in original).\textsuperscript{37}

Drawing on the insights from historical institutionalism and work on social movements as a source of institutional change, Fligstein and McAdam propose a theory of ‘strategic action fields’ as a way to further our conceptualisation of the configuration of the institutional environment.\textsuperscript{38} They define a strategic action field as
a constructed mesolevel social order in which actors (who can be individual or collective) are attuned to and interact with one another on the basis of shared … understandings about the purposes of the field, relationships to others in the field (including who has power and why), and the rules governing legitimate action in the field.

Rather than treating organisational fields as ‘self-contained, autonomous worlds,’ they propose that all fields are ‘embedded in complex webs of other fields.’ As a way to describe these inter-field or inter-institutional configurations, they propose three distinctions. The distinction between **proximate** and **distant** fields refers to the difference between fields with recurring ties versus those with few and limited relationships. The distinction between **dependent** and **interdependent** fields captures the ‘direction of influence that characterises the relationship between any two fields.’ Finally, they distinguish between state and non-state fields, with actors in the former holding the ‘formal authority to intervene in, set rules for, and generally pronounce on the legitimacy and viability of non-state fields.’

While Fligstein and McAdam replace in some ways the language of institutions with that of fields, they acknowledge their debt to historical institutionalism in doing so and provide us with a way to analyse the relationships and dynamics shaping institutional contexts by considering the interactions and interchanges between different kind of fields.

The theory-of-fields approach to institutional context also raises a host of research questions about the interactions between fields and their impact on organisations. What are the processes and mechanisms by which interaction between fields takes place? How are these interactions shaped by the nature of the fields involved and the relationship between them? What are the consequences of these interactions? And how do these interactions explain change over time in the institutional context? This paper considers one type of interaction between fields. Specifically, it explores the dynamics of the relationship between a state (legal) field and an emerging non-state (organisational) field, in which the relationship is one of both dependence and proximity.

**2. Case selection, sources and methods**

**2.1. Savings banking and the courts in the nineteenth-century United States**

To explore the interaction between fields, I examine the dynamics of the relationship between savings banking, as an emerging organisational field in the nineteenth-century United States, and the common law, which was itself a rapidly evolving field in this period. Specifically, I focus on the role and actions of judges as actors at the intersection of the two fields. The historical case is pertinent and useful because it allows us the critical distance to consider the dynamics shaping the interaction between law and organisation over a long time span, and to contextualise events and critical junctures shaping the relationship.

Savings banks were first established in Western Europe at the beginning of the nineteenth century out of an elite social movement aimed at reforming the poor law. Reformers charged that existing systems of municipal and charitable relief had increasingly become the cause of pauperism itself. Public welfare, these critics argued, created perverse incentives that undermined independence and the need to work, encouraged extravagant spending and idleness, and perpetuated dependence on the state.

The impetus for an organisational alternative to poor relief, based on principles of frugality, thrift and financial self-discipline, emerged directly out the growing critique of the poor law. Reformers offered proposals for a new type of institution that would allow ordinary
citizens the opportunity to save in small amounts from current income for future periods of sickness, unemployment and old age. At the time, no such formal financial institutions existed to meet the saving and investment needs for the general public. While commercial banks and formal financial markets had been established in many countries in the eighteenth and early nineteenth centuries, these primarily served wealthy patrons and the financial needs of merchants and tradesmen. Probate records from the period hence show that relatively small portions of the public typically held assets in commercial banks or securities markets. Saving, borrowing and insurance among working people took place almost exclusively through direct personal networks or through informal, mutual benefit associations. Proposals for a new type of professionally managed ‘savings institution’ for the general public, therefore, represented a sharp break from existing institutions and practices.

The first efforts to establish savings banks occurred in late eighteenth-century Germany and early nineteenth-century Scotland. They were undertaken by well-known philanthropists, religious leaders and public officials, many of whom had been actively involved in criticism of the poor relief system. These were usually informal, charitable organisations, managed and staffed by elite volunteers, who took small sums on deposit from working and poor people and paid out modest dividends. They typically operated out of space donated by one of the volunteers or by a civic organisation. But given their public-welfare purposes, savings banks in many European countries quickly came under central state authority. In England, for instance, Rose’s Act of 1817 defined savings banks as trustee-managed institutions, established the basic terms of their operation, and required their deposits to be invested with the commissioners of the public debt at an attractive (above market) rate of return. A strong central state, with considerable resources as well as political authority, hence defined the nature and operation of the new organisational form, leading to the very rapid proliferation of organisations in the new category of ‘trustee savings banks’ in England in the years that followed. Similar developments took place in France, with central state legislatures playing a crucial role in defining the nature of the new organisational field. Savings banking in European countries with strong central states came to be quickly defined by, and even come under the authority of, the central government.

The trajectory of development for savings banking was different in the United States due to the relatively weak central state, characterised by a federalist political structure and limited and shrinking public debt. Whereas a large public debt allowed central governments in England and France power in defining savings banks and their operations, in the United States the national debt dwindled in the early nineteenth century. Moreover, the vast majority of corporate charters in the US were granted by states, not the national government, creating a patchwork of different kinds of state-level government oversight of savings banks. While some states, such as New York and most New England states moved toward establishing uniform standards for chartering savings banks, in many other states of the Mid-Atlantic, South, and West, chartering terms could differ significantly from institution to institution. And finally, because corporations and associations in the United States were beginning to take on a constitutional identity as distinct and separate from the authority of the state, courts and judges played an especially important role in defining the character of savings banks as institutions within the political-economic context of the United States. Thus, although the early philanthropic model of the savings bank had been quickly transferred from the England to the United States by 1816, the identity and character of the organisational field remained far more varied and in flux in the US than in England and in most parts of Europe owing to the weaker and more decentralised structure of the state.
As a result, in the United States, the organisations that proliferated in the 1820s and 1830s under the expansive rubric of ‘savings bank’ varied far more widely than their counterparts in countries with strong central states, such as England or France. Some, on close inspection, turned out to be essentially deposit taking arms of commercial banks, founded and directed by commercial bankers with the purpose of re-depositing savings into the commercial bank owned by the directors. In other cases, savings banks were simply founded as for-profit joint-stock investment companies, or as a way of gaining access to inexpensive credit. The Philadelphia Savings Institution, for instance, was established as a joint-stock company that accepted deposits from small savers, which it invested almost exclusively in futures, providing high returns for stockholders while shifting most of the considerable risk to depositors. In a number of other cases, industrial firms created in-house ‘savings banks’ for employees as an employment benefit that, at the same time, allowed the employer access to capital. An 1836 Pennsylvania state report found that in the course of 18 months, at least 15 savings banks of various types had ‘sprung’ into existence, many of which were unincorporated.

Given the limitations on legislative authority and resources in the US, courts played a crucial role in sorting through the diversity of forms and practices that fell under the label of ‘savings banking’. The authority of judges to define legal and legitimate parameters for savings banking arose from the common-law understanding that courts have a role in drawing on judicial precedent and customary standards, and not on statute alone, in interpreting and resolving disputes. It also arose from the authority of American courts to review and determine the constitutionality of laws and contracts. Within the context of the nineteenth-century United States, the parameters of judicial authority to regulate political, social and economic life were themselves expanding. The common law of corporations and commercial relationships was an especially important arena in which the scope of judicial authority and the rules of the field of the common law were being worked out. The interpretation of corporate charters as ‘contracts’ within the meaning of the US constitution in the Supreme Court’s Dartmouth College case (1819), for instance, established an important political domain for courts in deciding what corporate actions and what government regulations were within or outside the scope of the corporate contract.

The very nature of the institution of the common law shaped when and why the interaction between the field of law and the organisational field took place. In order to exercise authority judges needed to be presented with a case or dispute to be resolved. Unlike legislatures or executives, which could pass statutes or make determinations at any time as a matter of their formal authority to make policy and law, courts primarily made determinations through the resolution of conflicts. Not surprisingly, then, judges often issued rulings on savings banks in the wake of financial crises, when failures and conflicts among stakeholders arose and when cases were brought for resolution. Thus, major judicial rulings and waves of new precedent for the industry were set in the wake of the financial panics.

Moreover, judges’ decisions were inherently designed to resolve disputes by establishing clearer definitions and rules of order in the field. In particular, judges intervened when financial crises, accompanied with uncertainty about the savings-bank organisational form and behaviour, threatened to disrupt other fields of activity over which judges were charged with maintaining order. During moments of relative calm, especially early in the century, courts and state legislatures often deferred to the authority of savings-bank directors. Savings-bank directors, legislators, and judges came from a similar elite social milieu, and hence courts and legislatures at first emphasised the ‘character’ of trustees as the best
safeguard for working and poor depositors. However, financial panics and crises threatened to undermine this very social order, and hence spurred judges and legislatures into more active oversight of the institutions and the trustees. The United States experienced significant banking crises during the nineteenth and early twentieth centuries, in large part because the highly fragmented structure of the American banking system left small, unit banks susceptible to economic shocks. As a result, economic downturns or decreases in asset prices spread fear quickly during panics that occurred in 1837–1839, 1857 and 1873–1878.

Crises created moments of judicial agency in legal institution building not simply because they disrupted the emerging field of savings banking. Rather, judges intervened during crises because disorder in the emergent field spilled into other fields and threatened other institutions. Because savings banks were popular financial institutions essential to the financial well-being of a growing segment of the public, panics or crisis pertaining to savings banks were often considered threats to the social as well as financial order. In such situations, judges acted to create new institutions and doctrine for the savings banking field to preserve order in other fields.

While episodic crises defined when interactions took place between the legal field and the organisational one, the pattern does not reveal how uncertainties about the nature of savings banking were resolved. How did judges construct legal rules and standards pertaining to savings banking? In what ways were legal meanings, precedents and standards used to resolve disputes related to the character of the organisational field? And what implications did these have for order within the legal field itself?

2.2. Methods and sources

My methods are shaped by the motivation of using history to explore and develop theory. Given history’s abductive character, my aim in theorising is not to develop a ‘general theory’ or ‘law’ but to develop a context-specific theory that explains the case with the purpose of examining the social process through which judicial decision-making defined the organisational field vis-à-vis the legal one. To do so, I engage in what Rowlinson et al. call ‘analytically structured history’ by treating judicial cases as data and analysing these data based on a pre-determined definition of what constitutes a field. This approach, in turn, shaped the historical methods of reportage, explanation, understanding and evaluation that I employed.

In terms of reportage, nineteenth-century legal cases pertaining to savings banks were my primary sources. Case law offers a valid and credible source because it provides a primary account of how judges resolved disputes related to the field of savings banking that also reveal their decision-making rationale. Using the Westlaw Database, I identified subject key 52 (‘Banks and Banking’) and sub-key V (‘savings banks’), and isolated all case decisions made before 1900. There are a total of 288 such cases in the database. Westlaw does not contain a comprehensive set of case law and, given that not all the legal records of cases in this period are available, there is no way to guarantee that such cases represent a scientific sample of judicial judgements. That said, two factors help mitigate the risk that the cases available fundamentally misrepresent the development in judicial decision-making on savings banks. First, Westlaw (along with LexisNexus) does contain what legal researchers consider to be the most comprehensive set of US legal cases. Second, to reduce the risk that I missed important bodies of case law, I consulted both nineteenth-century legal treatises and regulatory handbooks pertaining to savings-bank law from the period.
references summarise major precedents, they reduce the risk of missing major developments in the case law and help contextualise legal decisions.

Given my focus on how judicial decision-making shaped the organisational field, I selected only those cases that, based on reading the abstract or introduction to the decision, pertained to the definition of the organisational field of savings banking. To operationalise this determination, I used McAdam and Scott’s definition of a field as ‘a system of actors, actions, and relations – whose participants take one another into account as they carry out interrelated activities.’ Specifically, I separated the 288 cases into those related and unrelated to field formation based on the ‘subject’ designation in Westlaw (see Table 1). The procedure identified 96 cases as related and 192 cases as unrelated to field formation.

<table>
<thead>
<tr>
<th>Subject</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Categorised as relevant to definition of organisational field</strong></td>
<td></td>
</tr>
<tr>
<td>Nature and status</td>
<td>9</td>
</tr>
<tr>
<td>Control and regulation in general</td>
<td>3</td>
</tr>
<tr>
<td>Constitution and statutory provisions</td>
<td>8</td>
</tr>
<tr>
<td>Incorporation and organisation</td>
<td>0</td>
</tr>
<tr>
<td>Corporators and stockholders</td>
<td>9</td>
</tr>
<tr>
<td>Officers and agents</td>
<td>22</td>
</tr>
<tr>
<td>Powers in general</td>
<td>14</td>
</tr>
<tr>
<td>Representation of bank</td>
<td>6</td>
</tr>
<tr>
<td>Investments, loans and discounts</td>
<td>25</td>
</tr>
<tr>
<td>Total no. of cases included</td>
<td>96</td>
</tr>
<tr>
<td><strong>Categorised as not relevant to definition of organisational field</strong></td>
<td></td>
</tr>
<tr>
<td>Rules of bank</td>
<td>1</td>
</tr>
<tr>
<td>Deposits, in general</td>
<td>13</td>
</tr>
<tr>
<td>Deposits, by law or passbooks as contract</td>
<td>17</td>
</tr>
<tr>
<td>Deposits, title and disposition of deposits</td>
<td>56</td>
</tr>
<tr>
<td>Interest and dividends on deposits</td>
<td>8</td>
</tr>
<tr>
<td>Losses</td>
<td>5</td>
</tr>
<tr>
<td>Repayment of deposits</td>
<td>10</td>
</tr>
<tr>
<td>Actions</td>
<td>37</td>
</tr>
<tr>
<td>Reorganisation and consolidation</td>
<td>2</td>
</tr>
<tr>
<td>Forfeiture of character and dissolution</td>
<td>4</td>
</tr>
<tr>
<td>Insolvency and receivers</td>
<td>39</td>
</tr>
<tr>
<td>Total no. of cases excluded</td>
<td>192</td>
</tr>
</tbody>
</table>

To interpret case meanings in context, I employed hermeneutic methods in assessing judges’ motives and reasoning. In particular, I placed cases within the context of the development of the organisational field of savings banking and within the broader development of the common law. I then wove those interpretations into three narratives to establish causal explanations of the case, each pertaining to one elements of McAdam and Scott’s elements of field: actors, actions and relations. The results of this examination are presented in the next three sections as a series of ‘analytically structured histories’.

3. Constituting organisational actors: Savings banks and the law of corporations

As we saw in Section 2, the early decades of the nineteenth century saw the establishment of a bewildering array of organisational actors in the US claiming to be part of the savings-bank movement. These included organisations that resembled charities, commercial banks, high-risk investment clubs and employer-sponsored funds, to name a few. By the
middle of the nineteenth century, however, courts converged on what constituted legally legitimate organisational actors in the field. Specifically, judges would come to recognise legitimate savings banks as quasi-public corporations that existed for the primary purpose of securely serving the savings needs of the public.

Initially, judges grappled with the question of organisational identity by asking whether savings banks resembled a charity or a for-profit commercial enterprises. When framed in this way, early nineteenth-century courts tended to conclude that savings banks were more closely akin to charitable organisations than to those of for-profit commercial enterprises. This reasoning was apparent, for instance, in an 1836 case before the Pennsylvania Supreme Court involving the Philadelphia Savings Institution, a savings bank with a charter that allowed it to issue stock. The court denied a stockholder the right to vote in the affairs of the corporation, ruling in effect that despite the fact that the savings-bank charter allowed the corporation to issue stock, ‘the Legislature had no intention of establishing a joint stock company.’ While

[I]n monied institutions, such as banks, insurance, canal, and turnpike companies &c, the mere owning of shares in the stock of the corporation, gives a right of voting … the affairs of religious, charitable or literary institutions, are committed to those who have no pecuniary interest whatever in their management.

Savings banks, the justices held, were in ‘the nature of a charity, where the professed object is to advance the interests of the poor and helpless.’ Framing decisions about organisational identity based on the ‘charity’ or ‘monied institutions’ distinction, however, left judges in these early cases with an internal contradiction. The categorisation of savings banks as charities contradicted the logic of establishing savings banks as social alternatives to dependence on charity, and failed to account for their pecuniary character. In subsequent years, courts forged a more novel organisational identity for what constituted a savings bank by drawing on the emerging constitutional understanding of corporations as ‘contracts’ between the state and a group of incorporators.

Then, as today, the relationship of corporations to the state was in large part based on the interpretation of the Constitution. Today American corporate law treats corporations as legal persons within the meaning of the Constitution, protected as private citizens under the Fourteenth Amendment. In the nineteenth century, however, corporate law allowed for an entirely different range of possibilities for the ways in which corporate actors could be legally constituted. Beginning with the landmark Dartmouth College case (1819), the Supreme Court legally framed corporations based on the contract clause of the Constitution; that is, they interpreted corporate charters as contracts between the state and incorporators in which the resulting corporation was given the privileges and obligations specified by the charter. The framing of corporate charters as contracts protected incorporators from capricious changes by politicians, and had the potential to significantly expand the rights and privileges of corporations. But in Dartmouth College case and in subsequent decisions, courts also insisted that they retained the authority to define the nature of the corporate privileges that had been granted by interpreting the identity of the organisation that a legislature had incorporated. As a ‘creature of the law,’ John Marshall explained in the Dartmouth College case, a corporation ‘possess[ed] only those properties which the charter confer[ed] upon it, either expressly or as incidental to its very existence. Over the course of the nineteenth century, courts vigorously exercised this power to interpret corporate identity, and its accompanying privileges, as a way to define and limit the expanding power of corporations.
The development of the legal institution of corporate-charter-as-public-contract, and the efforts of courts to limit the potentially expansive interpretation of the contract clause, thus formed the context in the legal field within which savings-bank cases were adjudicated.

The ‘legitimate’ organisational identity of savings banks was hence one that judges interpreted to be in accord with legislative intent. In the case of savings banking, courts determined the essential nature of the corporate contract suggested that legitimate organisational actors were ones that served the safe depository needs of the public and of small savers in particular. All other organisational purposes – profit making, access to credit, etc. – fell outside these purposes and were illegitimate.

Courts repeatedly echoed this understanding of the core purpose of ‘legitimate actors in the savings bank field,’ often by analogising savings banks to other corporations with quasi-public purposes. For instance, in *Huntington v Savings Bank*, the US Supreme Court determined that the savings bank:

is not a commercial partnership, nor is it an artificial being the members of which have property interests in it, nor is it strictly eleemosynary. Rather it is somewhat of the nature of such corporations as churchwardens for the conservation of the goods of the parish, the college of surgeons for the promotion of medical science, or the society of antiquaries for the advancement of the study of antiquities. Its purpose is a public advantage, without any interest in its members.

The Massachusetts Supreme Court similarly held that savings banks were ‘conducted wholly for the benefit of the poorer classes of the community.’ An Illinois court held that ‘a savings bank is defined to be any institution in the nature of a bank formed for the purpose of receiving deposits of money for the benefit of the persons depositing.’ In *New York v. Binghamton Trust Company*, a unanimous state Supreme Court, described the fundamental organisational purpose as ‘safe depositaries of the people’s moneys, and which are designed solely for the public advantage, and not for the promotion of any private interests of the organizers.’

The legal constitution of organisational actors in the savings bank field as quasi-public organisations serving the safe depository needs of the public in essence amounted to the creation of a novel legal and organisational identity. Judges certainly borrowed from extant models in related organisational fields, such as charity and commercial banking, in order to gauge the kind of institutions and standards that should apply to savings banks. But the creation of a legal identity rested on establishing an analogy between savings banks and other quasi-public corporations within the evolving contractual understanding of the corporation.

### 4. Constituting legitimate action: *Ultra Vires*

While the evolving law of corporations provided the frame within which judges determined the organisational identity of savings banks, the common-law doctrine of *ultra vires* – defined as acting beyond one’s legal authority to do so – provided the point of reference they used to determine legally legitimate organisational behaviour.

As a legal doctrine, *ultra vires* was new to the nineteenth century. It grew out of the understanding (discussed above) of corporations not as ‘persons’ but as artificial, state-created entities granted *limited* and *specific* powers and rights based on the contractual terms of their charters. Corporate decisions, transactions, and contracts (i.e. organisational
actions) that transgressed these limits could hence be judged *ultra vires* (i.e. beyond legally recognised authority) and hence deemed legally illegitimate. ‘That courts will interfere to prevent acts which are beyond the corporate powers is clearly settled,’ explained Ashbel Green, a New York lawyer and an authority on *ultra vires*.

The doctrine of *ultra vires* came into widespread use in the mid-nineteenth century partly as a judicial response to the growth of general incorporation laws and the decline of detailed special charters. It was a ‘creature purely of judicial decision,’ explained Seward Brice, created ‘to meet and provide for circumstances which called for the intervention of some strong hand, but which the State had not directly provided.’ In practice, the application of *ultra vires* to general business corporations fell into disuse at the state level in the late-nineteenth century as courts allowed strictly commercial firms greater leeway in their enterprises. But the doctrine continued to be commonly used by judges to regulate the activities of corporations that courts identified as serving public purposes. In the case of such quasi-public corporations, ‘the powers and capacities possessed … have been conferred upon it, not for the advantage of itself or its individual members, but for the public weal,’ Brice emphasised.

‘Any employment of such powers or capacities, save and except for the public purposes, and those special public purposes for the advancement of which they were designated, is consequently *ultra vires*, and being so, it will… constitute a public grievance.’

An 1890 New York State case, *Jemison v. Citizens’ Savings Bank*, provides a simple illustration of how *ultra vires* was used. The cashier of the Texas-based Citizens’ Savings Bank contracted with a New York cotton broker Elbert Jemison in 1879 to purchase futures on one hundred bales of cotton. Jemison made the purchase, which soon lost money. The savings bank’s trustees, however, attempted to back out of the contract, claiming that the institution’s charter did not allow its officers to make such investments. The New York court agreed with the trustees, explaining that

> speculative contracts entered into for the sale or purchase of stock by a savings bank at the stock board or elsewhere, subject to the hazard and contingency of gain or loss, are *ultra vires*, and a perversion of the powers conferred by its charter.

Emphasising the public purposes that savings banks served, the court explained that such institutions ‘are designed to encourage economy and frugality among persons of small means and are organised with restrictions and provisions intended to secure depositors against loss.’ Public policy and ‘the rights of the public’ necessitated that the law should not recognise or enforce such actions by the cashier of a savings bank. In the eyes of the law, the judges determined, such an action was legally illegitimate and hence had never taken place.

The Citizens’ Savings Bank’s investment in cotton futures provided the New York court with a clear case of ‘a perversion of the powers conferred’ on such an organisation because courts increasingly recognised depositor protection and safety as the paramount criteria in judging the legitimacy of savings bank actions. Because savings banks’ investment choices and processes were the set of actions that most directly impinged on the principle of safety and security, judges used *ultra vires* extensively to define appropriate and inappropriate. Judges prevented or nullified contracts in which savings banks had ‘discount[ed] or loan[ed] money on the security of commercial paper,’ purchased ‘shares in a manufacturing corporation,’ and invested the ‘available fund’ instead of holding it for immediate withdrawal by depositors. They declared legal investments to be *ultra vires* if a trustee held a personal
interest in them, even if this was unknown to the other members of the board. They also held trustees personally liable for loans on real estate that were inadequately valued or unproductive, or that ‘exceeded the amount in that manner directed to be invested by the charter.’ Investments and loans were on occasion also found to be *ultra vires* if savings-bank officers did not strictly follow the procedures that the law demanded.

While the investment behaviour of savings banks came under the special scrutiny of courts, it should be emphasised that the same dynamic interaction between the institutionalised understanding of savings banks as serving safety-minded small savers and the institutionalised authority of courts to create rulings that enforced this view of behaviour through the common law of *ultra vires* was used to define the rules of all kinds of legitimate and illegitimate actions in the field of savings banking. While savings-bank charters allowed trustees and officers the authority to incur expenses that were necessary for the purposes they served, courts were strict in holding them personally liable for expenditures that were not related to their defined duties. Judges and other public officials in New York, for example, forbade trustees ‘to pay for an annual supper or entertainment,’ ‘to pay for a service … donated to a local organizer of a railroad enterprise,’ ‘to make contributions’ for charitable, benevolent or sanitary projects, to make ‘gratuitous appropriations to the widows of deceased officers,’ to make ‘gratuits to officers for past services, who had been paid regular salaries,’ to ‘pay costs and expenses to get bills through the legislature,’ and to lobby agents ‘to procure general legislation relative to savings banks.’ Judges also employed *ultra vires* to prohibit savings banks from providing services other than the standard deposit accounts specifically authorised in saving bank charters. When the Nashua Savings Bank began accepting items from depositors for safe keeping, the New Hampshire Supreme Court declared that these services constituted ‘contract[s] which the defendants were not empowered by their charter to make.’ Massachusetts’ Warren Five Cents Savings Bank was prevented from acting as a co-signor on a promissory note because it was ‘not part of the business for which it is established, to give a market value to, or obtain a market for, the negotiable paper of persons or other corporations, by guaranteeing or indorsing it.’ Likewise a New York Court found that savings banks did not have the legal authority ‘to cash checks or permit [a] depositor to overdraw.’

5. **Constituting relationships: The law of trusts and fiduciary duties**

Courts also used the common law to define the legal relationship between board directors and savings banks. Throughout most of the nineteenth century, judges viewed the director relationship as a contract in which directors were obligated not to commit fraud but were relationally bound to little else. Following a series of savings-bank failures in the wake of the Panic of 1873, however, state courts began to frame the relationship in a new way. Adjudicating law suits brought against the directors of failed and insolvent savings banks, judges developed a standard for the ‘duty of care’ that savings-bank directors owed their institutions based not on contract but on an analogy to the much stricter law pertaining to the trustee–beneficiary relationship. The standard significantly expanded the personal liability of trustees for imprudent and unsafe decisions and established new legal precedent for how the director relationship would be defined in the savings-bank field.
as they fell within the boundaries of a corporation’s chartered powers. ‘I have found no judgement or decree which has held [corporate] directors to account, except when they have themselves been personally guilty of some fraud on the corporation … or [been responsible for] acts clearly ultra vires,’ explained Pennsylvania Supreme Court Chief Justice George Sharswood in *Spering’s Appeal*, a landmark trustee liability case brought against the directors of a savings bank. Although judges suggested that trustees could be held responsible for ‘gross negligence’ in their duties, in *Spering’s Appeal* Sharswood hinted at how rare this was:

‘they are not liable for mistakes of judgment, even though they may be so gross as to appear to us absurd and ridiculous, provided they are honest and provided they are fairly within the scope of the powers and discretion confided to the managing body.’

Judges were also hesitant to assign liability to trustees because most trustees served without compensation and, in the case of savings banks, were in fact prohibited from having any pecuniary interest in an institution.

However, in a series of cases that followed a wave of savings-bank failures in the late 1870s, state courts raised the standards of the director relationship in the savings banking field significantly. The years which have elapsed since the panic of 1873 have been productive of much litigation in many States of the Union between the receivers of insolvent corporations and trustees or directors of such institutions implicated in breaches of trust, waste and misappropriation of funds intrusted to their care,

an article in the *American Law Review* by Theodore Sedgwick pointed out. Segdwick showed that courts had recast the relationship between directors and savings banks by framing it as analogous to that of trustee and beneficiary in the equitable law pertaining to *cestui que trusts*.

Of the many cases brought against directors of failed savings banks, the most important was *Hun v. Cary*. The Central Savings Bank in New York was chartered in 1867 and spent its first six troubled-but-solvent years in a rented office in mid-town Manhattan. In the mid-1870s, the trustees launched an aggressive business strategy focused on investing a significant portion of their assets in the construction of their own large and distinctive bank building as a means of attracting new depositors. Their charter explicitly granted them the power to purchase or construct a banking house ‘requisite for the transaction of its business.’ But not long afterwards the savings bank became insolvent and the New York superintendent of savings banks placed it in receivership. Marcus Hun, the receiver, sued the trustees on behalf of the depositors, claiming that construction of the bank building was ‘careless and negligent’ and constituted a breach of the directors’ duties. Both the trial and the appellate courts decided in favour of the receiver, ruling that the trustees’ actions constituted ‘a case of improvidence, of reckless, unreasonable extravagance, in which the trustees failed in that measure of reasonable prudence, care and skill which the law requires.’

The appellate court’s opinion in *Hun* expanded the liability of trustees beyond acts that were fraudulent or ultra vires by setting a standard for the director relationship that transcended the charter. As Sedgwick commented, ‘There was no question that the purchase [of a bank building] was within the powers of the corporation – it was an act *intra vires.*’ Neither did the court suggest that the trustees of the Central Savings Bank acted fraudulently or in bad faith. In fact, taking aim at the standard in *Spering’s Appeal*, the New York court
wrote that it ‘cannot assent to it as properly defining to any extent the nature of a director’s liability.’ Instead, the court insisted that trustees are ‘bound not only to exercise proper care and diligence, but ordinary skill and judgment.’ With this determination, Sedgwick explained, 

Hun v Cary’ entirely sweeps away the distinction which seemed to have grown up between fraudulent and non-fraudulent breaches of trust, and extends the common-law liability of trustees … to all cases of negligence.”

By applying the legal standards of trusts to the director relationship, courts essentially changed the range of possibilities by which the director relationship in the savings-bank field could be judged. Rather than holding directors’ obligations to be defined simply by non-fraudulence, the common law of trusts held that trustees were obligated to exercise ‘ordinary skill and judgment’ in accord with the standards one would expect in the given field. The analogy to trustee–beneficiary relationships, when applied to the savings-bank field, allowed the judges authority to define the kinds of standards the savings-bank director relationship entailed. In gauging this, the Hun court determined that ‘the measure of culpable negligence … depends upon the subjects to which it is to be applied:’

What would be slight neglect in the care of a quantity of iron might be gross neglect in the care of a jewel. What would be slight neglect in the care exercised in the affairs of a turnpike corporation or even of a manufacturing corporation, might be gross neglect in the care exercised in the management of a savings bank intrusted with the savings of a multitude of poor people. (p. 78)

‘Savings banks,’ the judges emphasised in Hun, ‘are not organised as business enterprises. They have no stockholders, and are not to engage in speculations or money-making in a business sense.’ Given the already uncertain financial position of the Central Savings Bank, constructing a bank building, perhaps a reasonable judgement for a relationship in a profit-oriented enterprise, was nevertheless a breach of the fundamental of the ‘duty of care’ that savings-bank trustees owed their depositors.

Other state courts, also eager to hold trustees accountable for the savings-bank failures of the 1870s, echoed and even expanded on the common-law duties of savings-bank trustees outlined in the Hun case. In Trustees of the Mutual Building Fund and Dollar Savings Bank v. Bosseux, the court was ‘not unmindful’ of the fact that the directors had acted ultra vires. However, in order to clearly reject the defence put forth by the trustees that they were ‘not personally liable for acts short of fraud and of ultra vires,’ the justices instead chose to find them accountable ‘on charges of gross negligence.’ Judges also began to hold trustees responsible for ‘supine negligence,’ in cases in which ‘they have negligently trusted [their responsibilities] to others.’

While courts in earlier cases had been hesitant to find directors guilty for actions unless it could be proven that they themselves had participated or ‘connived’ in the acts, judges in the late 1870s and the 1880s ruled that savings-bank trustees in fact had a duty to stop the performance of such acts by trustees and by officers. When a suit was brought against a group of trustees of the Bond Street Savings Bank for not actively preventing an officer from making a loan secured by unproductive property, the court ruled that

‘[t]rustees of savings banks are under a positive duty to see to it that the funds of the bank are not invested contrary to law, and a disregard of such obligation is a breach of duty and a ground of liability.’

In Paine v. Meade the court established that
a transaction entered upon the books of a savings bank, although made by the bank officers, is presumed to have been done with the knowledge and assent of the trustees, who are responsible for the acts of the officers whom they place and retain in position.\textsuperscript{117}

As New York’s attorney general dryly warned the state’s savings banks, ‘The courts have been rigid … in holding trustees to personal accountability for abuses of their trust.’\textsuperscript{118}

The reconstitution of the director relationship in the field of savings banking highlights the ways in which legal innovation dynamically interacted with market innovation in the process of creating a new field. The invention of the ‘duty of care’ standard for the savings-bank field cannot be explained by reference to either the field of law or the emerging field of savings banking alone. Rather it was the judicial agency created by the interaction of the institutions of these two fields that allowed courts to create a novel set of legal standards for the director relationship. While the creation of the trustee relationship was particularly vivid, similar dynamics shaped the emergence of other relationships in the field, including that of depositors to savings banks and employees to savings banks, helping embed in both law and society the cluster of economic changes that would define savings banking as an identifiable organisational field.

\section*{6. Theoretical implications}

What are the theoretical implications of the case for how we think about the dynamics of institutional contexts? In this section, I draw out a set of conceptual claims about the structure and timing of interactions between state and organisational fields, the sense-making processes by which actors use cognitive frames from one field to establish order in another, and the process by which these interactions shape the mutual constitution of the fields.

\subsection*{6.1. Interaction of the state and emerging organisational fields}

The case highlights how the configuration of state fields shape their interaction with organisational fields. Specifically, it suggests that the relative centralisation and scope of authority in state fields influences both the character and timing of its interaction with emerging organisational fields.

The authority of the judiciary in shaping savings banking as an organisational field in the United States must be understood within the context of the relative weakness of the legislative and executive fields of government. Compared with European states with strong central governments which established order on the emerging field of savings banking through legislative fiat, the United States government lacked both the political power and the resources (in the form of a substantial national debt) to establish a national order for the emerging organisational field. Though state legislatures did hold greater authority in this regard, the federalist structure of the United States and constitutional limitations on the power of states over corporations created a patchwork of diverse and inconsistent statutes pertaining to savings banking. These weak legislative and executive structures, combined with the relative strength of the common law, created a powerful role for the judiciary in defining the organisational field. While the judiciary in some ways substituted for the regulatory/coercive institutional role played by legislatures in strong central states, the nature of this authority was qualitatively different from those in countries with strong states. Rather
than establishing a single and central point of interaction between the state and emerging organisational field, it established multiple and dispersed points of interaction centred on the resolution of specific disputes. Moreover, rather than taking on the character of a regulatory ‘code,’ as did a statue, the institutionalisation reflected something more like the accretion of a regulatory tradition.

The importance of the judiciary in exerting coercive power over the organisational field is an example of what Dobbin and Sutton have dubbed the ‘strength of weak states.’

Whereas Dobbin and Sutton find that weak states exert institutional control over organisations by sparking strong internal governance responses within private organisations, this case suggests that strong judicial responses over organisations represented another social mechanism of coercive control in the context of a weak central state. The US thus evolved into a ‘weak state with strong law’ in how organisational fields were governed.

The conceptual claim is supported by a considerable body of scholarship in nineteenth-century American legal history, which has found a significant and expanding role for courts in governing markets and social relations.

The character of the relationship between the legal and organisational fields also shaped the timing of their interactions. The nature of judicial authority meant that issues were resolved and rules and standards determined on a case by case basis and in reaction to particular conflicts. Rather than the relationship between the state and organisational field being defined by a formative legislative event that created a comprehensive framework for the organisation field, as was the case with Rose’s Act in England, the relationship was marked by multiple episodes in which partial and piecemeal regulative solutions were created and accumulated over time into a body of precedent. In this sense, crisis was a precondition to inter-field interactions and new institution formation because it created the wave of conflicts and disputes that prompted judicial intervention.

6.2. Inter-field framing and the use of structural metaphors

The case also offers insights into how actors, in this case judges, applied cognitive frames from the legal field to the organisational one in order to clarify the nature of the actors, actions and relations in the organisational field. So-called ‘field frames’ have been shown to play an important role in the emergence of new organisational field emergence. Lounsbury et al. define field frames as ‘political constructions that provide order and meaning to fields of activity by creating a status ordering for practices that deem some practices as more appropriate than others.’

Whereas much of the research on field frames focuses on how social movements use them to shape new organisational fields, the case examines the dynamics by which such frames emerged from the interaction of legal and organisational fields. Judges drew on established frames from the legal field to define the attributes of the organisational one. Hence, they determined the essential identity of savings banks within the legal frame of corporations as contracts between the state and incorporators. They extended the frame of the corporation as contract by developing the doctrine of ultra vires to declare certain actions as illegitimate. And they drew on law pertaining to private trustee–beneficiary relationships in articulating the duties of savings-bank directors. Each of these framing devices – contract, ultra vires, trusteeship – was embedded within the field of law, not of organisation.
These field frames, in turn, allowed judges to use pertinent structural metaphors to characterise one organisational field in terms of another. For instance, if corporations were framed as ‘contracts’ created by the legislative act under which they were chartered, then courts could logically ask what kinds of other corporate contracts were similar in adjudicating the nature of savings banking. Hence, the Supreme Court in *Huntington* (1876) defined the identity of savings banks as organisational actors by analogising them to a category of corporations (‘somewhat of the nature of such corporations as churchwardens for the conservation of the goods of the parish’) with quasi-public character and status. Likewise, in the landmark *Hun* case, a New York court established the fiduciary standards expected of trustees by analogising the role of directors vis-à-vis depositors to that of trustee and beneficiary in a private trust.

Such analogies did not simply replicate established constructs, but rather extended or recast them in fundamentally novel ways to resolve ambiguities in the organisational field. After all, the analogy of the corporate-charter-as-contract did not need to be extended to encompass the limitations placed on corporate actions under *ultra vires* and directors did not literally have trustee relationships with depositors. The use of what Lakoff and Johnson call ‘structural metaphors’ \(^{125}\) to interpret one field in terms of another thus involved a creative application of inter-field framing in order to resolve disputes and define order in a new and uncertain arena of social and organisational life.

Moreover, the direction of the inter-field framing reflected the asymmetric relationship between the fields. \(^{126}\) The organisational field served as the source domain for the metaphor, while the field of law served as the target domain (through which the source needed to be understood). Hence, we can understand the dependent relationship of the organisational field on the legal one was defined not only by its formal position, but also by its ideational one in how these inter-field metaphors were constructed.

### 6.3. Mutual constitution of legal and organisational fields

Finally, though the organisational field of savings banking was clearly in a dependent, asymmetric relationship to the common law, case decisions were moments of interaction that had a mutually constitutive effect on both fields.

The effects on savings banking as a field are clear from the discussion above, and can be seen in how case decisions established metaphors that clarified the nature of the actors, actions and relationships that constituted the field. But these decisions also worked to shape and affirm the authority of the legal field. The development of *ultra vires* as a common-law doctrine, for instance, clearly extended the parameters of judicial authority and the legal frame of ‘corporation as contract’ in determining legal and illegal corporate behaviour. Likewise, the decision in the *Hun* case helped establish an important role for judges in defining the character of fiduciary standards. Thus, in the creative act of inter-field analogising, judicial decisions not only established the definition of the organisational field but also recast the parameters of legitimate action within the field of the law itself.

The conclusion raises doubts about the theoretical contention, put forward by Edelman and others, that interactions between legal and organisational fields lead to blurring in the logics between them. \(^{127}\) Tracing the impact of 1960s Civil Rights laws on organisations, she finds that the interaction led to ‘legalisation of the organisational field’ and the ‘managerialisation of the legal field.’ We instead find that the settlement of cases created occasions to
assert both the independence and unique framing logics of the legal field. The conclusion that such interactions led to mutual but distinct realms of influence fits the findings of legal historians who argue that law in this period developed in a distinct domain of authority shaping social and economic life.\textsuperscript{128}

7. Strategic action fields in business history: Future research and conclusion

These theoretical implications, of course, are based on the study of the development of legal rules in a single organisational field. Further research on other organisational fields may significantly revise our understanding of how institutional interaction between law and organisation takes place or how actors frame emerging organisational fields. Follow on studies considering the interaction among interdependent (rather than dependent) fields, and between two non-state organisational fields, would likely reveal very different kinds of dynamics in institutional contexts than those identified in this article, which has focused on the relationship between a dominant, state field and a dependent organisational one.

Indeed, a ‘strategic action fields’ approach could be useful to a number of streams of business history research concerned with the dynamic relationship between firms or industries and various aspects of their contexts. Certainly, as this paper has highlighted, such an approach could be effectively employed to examine the interplay with the state, the law and other fields that govern organisational fields.\textsuperscript{129} It may also be used to consider the co-evolution of multiple business-related fields, as Engwall, Kipping, and Usdiken show in their wide ranging synthesis of the ‘idea and practice’ of management across the fields of business education, consulting and media.\textsuperscript{130} And it could be especially useful as a lens for examining the relationship between business and the professions, including accounting, banking and consulting.

More comprehensive comparative-historical research would also clearly be valuable. Comparative research would allow us to de-naturalise social relationships that appear fixed or given in the present. Particular value may be found in comparing and examining the relationship between law formation and organisational fields in civil-law and common-law countries. Though the primary unit of analysis in this paper has been the emerging field of savings banking, it should be apparent based on the dialectical explanation put forth that the process described here itself depended on the emergence of a distinctive legal field of the common law in the United States in the late eighteenth century.\textsuperscript{131} The framing of rule emergence in savings banking as the intersection of two fields hence begs for more comparative research on how savings banking as a field was formed in non-common-law countries.

Ultimately the promise of such research is that it may help us deepen our understanding of the dynamics of institutional contexts, rather than taking contexts as ‘given.’ By approaching research at the intersection of law and organisations as a dynamic interaction between two fields, we may be able to move beyond historical models of institutional effects on long-term economic development that see law, and other institutional fields, as relatively static and exogenous. Taking into account the interactions between law and organisations as evolving fields affords us a much more dynamic perspective on economic and legal change and helps us account for the significant discontinuities in political and economic development paths that we see in the historical record.
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91. ‘[No Name in Original]’.
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95. Ibid.
96. Hovenkamp, Enterprise and American Law, 1836–1937; Horwitz, ‘Santa Clara Revisited’.
98. ‘Jemison V. Citizens’ Savings Bank’.
99. ‘Pratt V. Short’; ‘Paine V. Peter Barnum Et Al’; ‘Franklin Company in Equity V. Lewistown Institution for Savings’.
100. ‘Paine V. Mead Et Al’.
102. ‘Greeley V. Nashua Savings Bank’.
103. ‘Bradlee V. Warren Five Cents Savings Bank’; ibid.
106. ‘Spering’s Appeal’.
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116. ‘Paine V. Peter Barnum et al.,’ 303.
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