Social Movement Theory and the Evolution of New Organizational Forms*

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Abstract

New organizational forms face formidable obstacles in that new roles have to be learned, external ties to supporters are often lacking, and they often must rely on social relations among strangers. As a result, new organizations suffer from a liability of newness and often fail. But, some new organizational forms survive and grow. Often these organizations overcome substantial obstacles through collective strategies that bear an uncanny resemblance to tactics and strategies adopted by organizations that spearhead social movements. In this chapter, we first note that both social movements and new organizational forms need to mobilize resources to survive and grow. We then focus on four aspects of social movements that are also likely to influence the evolution of new organizational forms: (a) the preexisting infrastructure that promotes or retards the mobilization of resources, (b) the generation of collective action frames, (c) the evolution of collective action over time, and (d) the influence of collective action on the choice of organizational form.
Introduction

New organizational forms face formidable obstacles in that new roles have to be learned, external ties to supporters are often lacking, and they often must rely on social relations among strangers (Stinchcombe, 1965). As a result, new organizations suffer from a liability of newness and often fail (Freeman, Carroll and Hannan, 1983). But, some new organizational forms survive and grow. In part, this occurs because some new organizational populations have superior technology or simply contain organizations that fit the existing environmental contingencies. Often, however, these organizations overcome substantial obstacles through collective strategies that bear an uncanny resemblance to tactics and strategies adopted by organizations that spearhead social movements (Hannan and Carroll, 1992: 202-204; Carroll, 1997: 129-130). With a few notable exceptions (Aldrich and Fiol, 1994; Hunt and Aldrich, 1998), the entrepreneurship literature has not emphasized how strategies of collective action can promote entrepreneurial success.

Like social movements, a key task for participants in emerging industries is to gain cognitive and sociopolitical legitimacy (Delacroix and Rao, 1994; Aldrich and Fiol, 1994). In attempting to achieve this legitimacy, interactions between firms often take on a social movement like character. Cooperation rather than competition is the norm as founders attempt to mobilize resources through collective action such as the formation of trade associations and mutual benefit societies. In this chapter, we first note that both social movements and new organizational forms need to mobilize resources to survive and grow. We then focus on four aspects of social movements that are also likely to influence the evolution of new organizational forms: (a) the preexisting infrastructure that promotes or retards the mobilization of resources,
(b) the generation of collective action frames, (c) the evolution of collective action over time, and (d) the influence of collective action on the choice of organizational form.

Our objective in this chapter to develop a diverse set of theoretical propositions that we hope will highlight the utility of applying ideas and findings from social movement theory and research to the study of the evolution of new organizational forms. Therefore we do not attempt to develop an overarching theoretical model of how social movement theory applies to entrepreneurship. Throughout the chapter we use examples from the emergent phase of a variety of industries to support our propositions. In particular, we draw upon descriptive data that we have gathered on craft breweries, boutique wineries and specialty coffee shops.

**Resource Mobilization and Entrepreneurship**

Resource mobilization theory, the dominant perspective on social movements, argues that social movements grow and decline as resource levels fluctuate (Jenkins and Perrow, 1977; McCarthy and Zald, 1973, 1977). Four general types of resources need to be accumulated for collective action to occur. These are subsumed under the broad categories of people (both leadership and cadre), expertise or prior experience, financial and information resources, and legitimacy (Cress and Snow, 1996: 1090).

Builders of new organizations must acquire a similar set of resources if they are to succeed. First, the characteristics and human capital of the founders often influences the survival prospects of new organizations (Brüderl, Preisendörfer, and Ziegler, 1992). Results concerning the influence of human capital on firm performance in the entrepreneurship literature are mixed. One study showed, for instance, that companies founded by individuals had entrepreneurial parents had higher sales (Duchesneau and Gartner, 1988). In contrast, Cooper, Dunkelberg, and Woo (1988) found no relationship between family background and the survival of new ventures.
The impact of age, education and experience of founders on the founding and performance of new firms has also been investigated. Experience in founding prior startups has been shown to have both positive (Doutriaux and Simyar, 1987) and negative (Dunkelberg, Cooper, Woo, and Dennis, 1987) effects on firm performance. Eisenhardt and Schoonhoven (1990) found no relationship between founding team experience and new firm growth. While education seems to be an important predictor of success in some instances, it appears to have a negative effect in high technology industries (Cooper and Gimeno Gascón, 1992).

Entrepreneurs who start businesses with greater initial capital have an increased chance of success (Cooper and Gimeno Gascón, 1992: 314). Informal sources of capital, most often family, friends and business associates, provide smaller amounts of funds at an earlier stage in a new venture with formal venture capital funds playing a larger role in late-stage financing (Frear and Wetzel, 1989, 1990, 1992). Entrepreneurs also network with others in order to gain access to sources of information, capital and expertise (Cooper and Gimeno Gascón, 1992). The use of professionals to develop business plans and the use of accountants, for instance is positively correlated with performance (Duchesneau and Gartner, 1988). Aldrich, Rosen, and Woodward (1987) showed that initial profitability was correlated with network density and the average strength of ties while network size was related to later profitability. Similarly, Dollinger (1985) found that the extent to which entrepreneurs devoted time to noncustomer contacts, suppliers, and trade associations was positively related to performance.

While entrepreneurship research typically focuses on resources that facilitate the founding, growth and survival of individual organizations, we use resource mobilization theory to draw attention to the collective mobilization of resources by organizations that belong to a particular form. Resource mobilization theorists call attention to the structures and incentives
that make collective action more or less costly (Oberschall, 1973; McCarthy and Zald, 1977). New social movements must adopt strategies that link them to supporters and other resources if they are to be successful. Often, they must also overcome determined opposition by countermovements.

Builders of new organizational forms face similar constraints. New organizations must acquire capital as well as individuals with the requisite skills and capabilities. Moreover, both social movements and new organizational forms must attain at least some degree of external legitimacy if they are to mobilize resources and attain their goals. Because of these similarities we contend that strategies and tactics used by social movements to acquire resources and sustain collective action will be also applicable to new organizational populations in the business sector. We highlight two important parallels between the evolution of social movements and new organizational forms. First, their emergence is facilitated by changes in the broader sociopolitical and economic environment. Second, the pre-existing infrastructure or organizational field in which they are embedded influences both the strategy and performance of social movements and new organizational forms.

**Environmental Change and Opportunity Structure**

Changes in the institutional structure and the ideology of powerful actors such as organized political parties and the state create opportunities for insurgents to organize social movements (Jenkins and Perrow, 1977; Tilly, 1978; McAdam, 1982; Tarrow, 1983). McAdam (1982), for example, attributes the diffusion of black protest activity in the 1960s to several trends that strengthened civil rights forces. These trends included the expansion of the black vote, and the shift of blacks to the Democratic Party. Changes in the political power structure of a state can also open up opportunities for movements to form (Kriesi, 1995). For instance,
Amenta and Zylan, (1991) show that the Townsend movement which sought Federal pensions for the elderly in the Great Depression was much larger in states that had passed pension laws and in states that had greater executive capacities in terms of public spending. Political opportunity for movement organizers increases when (a) the institutionalized political system becomes more open, (b) elite alignments become unstable, (c) it is possible to form alliances with elite groups, and (d) the state's capacity and propensity to repress protest falls (McAdam, 1996: 27). Changes in the political opportunity structure have been used to explain the timing of emergence and outcomes for many types of social movements. Among others, these include the Italian protest cycle (Tarrow, 1989), the American women's movement (Costain, 1992), and the nuclear freeze movement (Meyer, 1993).

Just as favorable opportunity structures give rise to social movements, changes in the environmental opportunity structure create niches for new organizational forms. In some cases changes on the demand side can give rise to new organizational forms. For instance, greater affluence, changes in lifestyle, and consumer demand for greater variety have lead to the emergence of new organizational forms in the U.S. wine and brewing industries (Delacroix and Solt, 1988; Swaminathan, 1995, 1998) and in the coffee industry (Rindova and Fombrun, 1999). Technological and institutional discontinuities also open up new niches. For example, foundings in the semiconductor manufacturing industry seem to be driven by technological innovation (Brittain and Freeman, 1980). Abernathy and Clark (1985: 18) suggested that three specific kinds of environmental changes might lead to the formation of a new niche. First, new technological options offer improved performance or new applications that cannot be met by current product designs. Tushman and Anderson (1986) accounted for product substitution through technological changes that destroy the competencies of incumbent firms. The emergence of new product
classes such as cement (in 1872), airlines (in 1924), and plain-paper copying (in 1959) is attributed to basic technological innovations. Second, changes in government policy, especially in regulatory regimes may favor revolutionary strategic development. Deregulation allowed point-to-point air service providers and non-traditional telecommunication service providers to emerge. Third, changes in consumer preferences may impose requirements that can be met only through new designs. More recently, the rapid growth and use of the Internet opened up opportunities in electronic commerce for retail organizations, banks and stock brokerages (Hunt and Aldrich, 1998). Such a development is consistent with Romanelli’s (1989) view that any event or process that alters patterns of resource flows can create resource spaces for new organizational forms.

Proposition 1: Changes in the environmental opportunity structure create niches that allow for the emergence of new organizational forms.

Preexisting Infrastructure and the Evolution of New Organizational forms

In this section, we highlight how the pre-existing infrastructure or organizational field in which new organizational forms are embedded affects the emergence of collective action, and, in turn, influences both the strategy and performance of new organizational forms.

Preexisting Infrastructure and Positive Externalities

As Olson (1965) has noted, generating collective action is quite difficult. Once environmental opportunities arise, however, preexisting infrastructure reduces the cost of organizing by facilitating the acquisition of resources through collective action. Preexisting networks can aid in an industry’s development by providing linkages to customers as well as sources of human capital. Because preexisting networks are a conduit of information regarding
the industry and the individuals in it, they can also promote trust, a key factor in legitimating an industry (Aldrich and Fiol, 1994).

For instance, the pro-life movement’s initial dependence on the infrastructure of the Catholic Church and later on that of fundamentalist Protestant churches was crucial to its growth (McCarthy, 1987). Similarly, existing black institutions such as churches and schools served as an infrastructure through which information and resources could be directed to the civil rights movement in the 1960s. Minkoff (1997) shows that increases in the organizational density of African-American civil rights organizations promoted both protest activities by feminists and the formation of women's organizations (see also Clemens, 1993). Meyer and Whittier (1994) argue that the feminist movement influenced the evolution of the peace movement. Amenta and Zylan (1991) show that the Townsend movement to secure federal pensions for the aged was stronger in states which had other strong indigenous organizations such as the Church of Christ, Scientist, and the Woman's Christian Temperance Union. Ingram and Simons (1998) find that the failure rate of Israeli worker cooperatives decreases with increases in the density of credit cooperatives and kibbutzim, organizations that possess a similar ideology.

Preexisting networks provide a source of individuals who can potentially become decision makers in the movement (the cadre) as well as those who become full time members of the organization (the professional cadre) (Zald and McCarthy, 1987). Preexisting networks serve similar purposes in new industries. For example, in the early semiconductor industry, Bell Labs was a major source of both founders and expert personnel for new firms in the industry (Braun and Macdonald, 1982). Besides providing a source of recruitment into the industry, the informal and formal networks at Bell Labs were a source of information that could be used to identify
potential employees with the requisite skills. Similarly, pharmaceutical firms serve as a source of talent for biotech firms and Internet firms often recruit executives from established firms.

If potential customers are also linked into networks, it can allow new industry members a conduit through which to generate publicity about the industry and recruit customers. For example, early personal computer firms could draw upon numerous hobbyists who were organized into user groups. These groups not only served as potential customers, but also as an organized network through which information could be channeled to the public regarding the industry.

Preexisting infrastructure can be utilized by a social movement for purposes other than that for which it was originally designed and thus represents a positive externality for the social movement. If those favoring change are linked together though preexisting relations, the prospects for mobilization are enhanced. Moreover, embeddedness in a preexisting network of relationships helps in acquiring resources and in communicating information among movement participants (Walker, 1983). Thus, the fact that many entrepreneurs that later started brewpubs and microbreweries were involved in home brewing clubs and associations is likely to have created an infrastructure that facilitated the emergence of collective action in these industries. Indeed, Wade et al. (1999) speculate that collective action will emerge more quickly in industries in which entrepreneurs have overlapping social and professional networks. The prior experiences of entrepreneurs in the craft brewing industry are likely to have promoted common understandings among industry participants. These prior relationships may be part of the reason why microbrewerries have an active industry association and often cooperate by entering into joint purchasing and distribution agreements. An interesting avenue for future research would be to examine similarities in demographics and experience among entrepreneurs in new industries.
and determine whether it is positively related to the emergence of collective action. Such
demographic similarity may occur because founders in new industries tend to enter from
populations that are similar to the new population (Freeman, 1982; Romanelli, 1989, 1991).
Consequently, entrepreneurs in emerging industries may have an overlap in their prior industry
experience.

Preexisting infrastructure can also be an important factor in gaining institutional support.
Legal mobilization of federal EEO laws was widely used by minorities and women in their
attempts to gain equality in the labor market (Burstein, 1991). Similarly, organizations with new
forms often have to mobilize new laws or eliminate restrictive ones to prosper. Earlier
generations of organizational forms that have successfully overcome regulatory obstacles may
provide a model for successful collective action to newly emerging organizational forms that
face similar situations.

For instance, farm wineries benefited from the passage of state-level farm winery laws
that allowed direct sale to customers, a practice not allowed for the dominant organizational
form, the mass production-based generalist winery. The operation of brewpubs, a similar
organizational form that appeared much later, was also initially illegal in most states because
producers of beer were generally not allowed to sell their beer on the premises. Over time,
however, entrepreneurs mobilized and succeeded in changing these laws to allow for brewpub
operation subject to an upper limit on the annual production level. Possibly, the earlier regulatory
successes of entrepreneurs in the farm winery industry aided them in their efforts by providing a
model for successful collective action. In industries, new organizations that challenge the status
quo are typically specialists that initially occupy the periphery of the resource space. Previous
generations of specialist organizations provide the raw material for the entry and survival of new organizational forms.

Proposition 2: The greater the organizational density of challenger organizational forms that entered earlier, the higher the founding rate and the lower the failure rate of organizations with a new form.

In some cases, increasing density of organizations with the new form may lead to greater niche overlap and competition with the challenger organizations that entered the industry in an earlier period. Minkoff (1997), however, found no evidence of competition between African-American civil rights organizations and women's movement organizations. To a large extent, strength of competition depends on the strategies of various challenger organizational forms. Challenger organizational forms that seek to replace the dominant incumbent organizational form may choose strategies that lead either to resource conflict and competition or to a partitioning of the resource space into non-overlapping niches and the avoidance of competition.

Though pre-existing infrastructure encourages the growth of new social movements and industries, it also constrains the range of strategies that are available to these new organizations. Existing organizations that constitute the pre-existing infrastructure act as organizational templates for new organizations (DiMaggio and Powell, 1983). Conell and Voss (1990) show that structure of the organizational field influenced both the emergence and strategy of Knights of Labor local unions among less-skilled iron and steel workers. Prior organization of both iron and steel craft workers and workers in other industries into local unions facilitated the formation of Knights of Labor unions among the less skilled iron and steel workers. Organizing strategy, however, was constrained by strategies already adopted in the local organizational field by earlier union organizations. Less-skilled iron and steel workers were more likely to adopt a craft
strategy in counties where prior craft assembly existed whereas they were more likely to adopt a quasi-industrial strategy in counties where craft workers had previously joined less-skilled workers to form a quasi-industrial assembly.

Organizational strategy diffuses not only through time as described by Conell and Voss (1990), but also through space. There is often overlap among the membership of various social movements. Members who cross movement boundaries carry with them models of movement organization which then diffuse through other social movements (McAdam, 1995) thus leading to protest cycles (Tarrow, 1994).

Thus, it may be no accident that specialty coffee shops, as described by Fombrun and Rindova (1999), and brewpubs (which emerged at approximately the same time), bear many similarities to each other. Each of these organizational forms sharply differentiated themselves from mass producers by serving specialty (high quality) products to upscale clientele. In addition, each population viewed their mass producer counterparts with disdain. Possibly, the similarity between these organizational forms and the overlap in their resource base (e.g. customers) led to a mutualistic relationship because the growth of each legitimated a common organizational template. Table 1 shows the explosive growth that each of these populations enjoyed between 1982 and 1995. Indeed, the correlation between the number of brewpubs, and specialty coffee shops between 1989 and 1995 was over 0.98 suggesting that these organizational forms might have had a mutualistic relationship.1

The emergence of new organizational forms can generate protest cycles (Tarrow, 1994) or even feedback effects as the strategies and organizing models used by emerging organizational forms diffuse through the organizational community. For instance, Linda Jacobs,
who teaches classes on how to set up adult on-line businesses, claims that the emergence of company websites on the internet has aided in legitimizing on-line pornography because these sites exist side by side with legitimate companies (Industry Week, Sept 21st, 1998). In turn, by making money on the Internet almost immediately, the technologies developed by the on-line adult entertainment industry such as Web video and audio have been widely imitated by both incumbents and new entrants to the internet (Industry Week, Sept 21st, 1998). Table 1 also shows that the growth of brewpubs was preceded by the proliferation of microbreweries and farm wineries in earlier periods.

Proposition 3: The strategies adopted by organizations with a new form are likely to be modeled after the strategies adopted by surviving challenger organizational forms that preceded them into the same or related industries.

Because of the importance of preexisting networks for the success of a new industry, it is both prudent and beneficial for entrepreneurs to analyze these infrastructures prior to entering an industry. In many cases, these networks can be easily identified and activated. In others, however, they may exist because of an overlap between the niche occupied by a new industry and existing niches. For example, resource partitioning theory suggests that concentrated industries create opportunities for specialist firms (Carroll, 1985). Identifying these overlaps can make the difference between success and failure, particularly in view of research that shows that initial conditions can have profound effects on industry evolution (Arthur, 1990).

Of course, some new industries may be characterized by what is known as an infrastructural deficit in the context of social movements (McCarthy, 1987). For instance, the pro-choice movement experienced an infrastructural deficit in comparison to pro-life organizations. Pro-life organizations are greater in number, have a greater number of single-
issue organizations and are more extensively linked at the local state and national levels (Pearce, 1982). Faced with an infrastructural deficit, social movements can delay mobilizing and wait for a more favorable historical moment (Wilson and Orum, 1976). While this is certainly also an option for entrepreneurs, it is probably infeasible since the existing infrastructure will tend to change quite slowly. Another alternative is to identify another industry where conditions are more favorable.

McCarthy (1987) also suggests that there are strategies for coping in industries that have “thin” infrastructures. For instance, the raw material for constructing a social movement industry exists in lists of individuals that were gathered for other purposes. These lists can serve as weak ties along which information and resources can flow. Just as a social movement organizer needs to identify these unmobilized sentiment pools, the key task for an entrepreneur faced with an infrastructural deficit is to locate resource spaces that will support the entry and survival of new organizations.

The Generation of Collective Action Frames

In order for collective action to be possible a collective action frame must emerge. According to Klandermans (1997), “collective action frames are systems of shared beliefs that justify the existence of social movements.” These frames are the products of strategic efforts by groups of people to fashion shared understandings of the world and of themselves that legitimate and motivate collective action (Snow, 1986; Snow and Benford, 1988). For instance, members of the pro-life movement share the common belief that abortions are wrong and must be eliminated. Similarly, members of the Women’s Christian Temperance Union felt that alcohol should be banned, and this movement ultimately played a large role in the legislative success of national prohibition in 1919. In short, having a strong set of common beliefs can spur
individuals to attempt social change through collective action. In this section, we discuss the
processes that impede or facilitate the development of collective identities in new industries and
how these processes affect the fates of new organizational forms.

Collective action frames can play a key role in the evolution of new industries. New
organizational forms often try to establish a collective identity that is distinct from that of
incumbent organizations. Clemens (1996: 205) argues that an organizational form "appears as a
movement frame which both informs collective identity and orients groups toward other actors
and institutions." More recently, Pölös et al. (1998) have used the method of logical formalism to
define an organizational form as a socially constructed collective identity of classes of
organizations. Common sets of beliefs can lead entrepreneurs in emerging industries to
undertake collective action that can aid in legitimating new organizational forms.

In the case of a social movement, the generation of a collective identity is crucial to a
movement’s success (Melucci, 1989; Kelly, 1993; Major, 1994). New social movements such as
environmentalism and the women’s movement have coalesced around collective identity rather
than specific grievances or perceptions of injustice. According to Melluci (1989), a collective
identity is generated by interactive process by which members construct the collective “we.”
Collective identity is constructed through interactions with nonmembers, countermovements and
portrayals by the media. As a movement emerges boundaries are created that reinforce the "we
vs. they" distinction (Taylor and Whittier, 1992).

A similar process occurs when new organizational forms emerge. Romanelli (1989),
suggests, for instance that entrepreneurs in an emerging industry create opportunities for sharing
information and resources by going to the same conferences and trade shows and by seeking
similar resources. These interactions among entrepreneurs serve to isolate the new
organizational form from competitors and other external threats (Garud and Van de Ven, 1989). For example, cochlear implant technology gained acceptance as its proponents interacted at conferences, exchanged information and jointly organized training programs (Garud and Van de Ven, 1989). Garud and Van de Ven (1989) suggested that these interactions made the organizational form less dependent on existing firms that might be threatened by the new technology. Essentially, advocates of this technology coalesced around a collective identity that differentiated cochlear implants from other hearing technologies.

Collective Identity Strength and Distinctiveness

The success with which emerging organizational forms can respond to these threats is closely tied to the strength and distinctiveness of their collective identity. These identities can be so powerful that competing organizational populations are unable to imitate the routines of the new organizational form even when they have the resources and technology to do so. For instance, mass production firms in the brewing industry such as Anheuser-Busch have the technical capabilities to produce microbrewed beer. Their attempts to do so, however, have met with very limited success because they conflict with the collective identity of microbrewers as defined by consumers. More specifically, consumers buying specialty beers seek a malt beverage brewed in a small craft-like firm according to traditional methods and using natural ingredients (Carroll and Swaminathan, 2000).

The success of microbreweries in preventing imitation by the mass producers is largely due to their success in strategically deploying their identity. Bernstein (1997) identifies two identity deployment strategies. First, the "identity for critique" strategy involves confronting the identity and values of the dominant culture. For instance some lesbian and gay groups such as ACT UP and Queer Nation emphasize their differences with the mainstream culture (Bull and
Gallagher, 1996). Similarly, microbreweries and brewpubs emphasize their differences from beer produced by mass production breweries. Moreover, because a dense network of relations among microbreweries and consumers maintains this identity, introductions of microbrewed beer by the mass producers are quickly detected and the word is spread that the new product is not a “true” craft beer. Using identity-based strategies, then, microbreweries and brewpubs have successfully defined the specialty beer segment in ways that exclude the major brewers and contract brewers (Carroll and Swaminathan, 2000).

The second identity deployment strategy is referred to as identity for education (Bernstein, 1997). Movements pursuing this strategy either challenge the dominant culture’s perception of them or attempt to use their identity to gain legitimacy by emphasizing non-controversial activities. For instance, some gay activists framed the passage of anti-discrimination legislation as a social justice issue. Other populations in the business sector have employed similar tactics. For instance, although their efforts were ultimately unsuccessful, in the 1860s the brewing industry attempted to align their views with those advocating prohibition by professing the attitude that excessive use of hard liquor was a terrible societal problem. At the same time, they differentiated beer from spirits and asserted that beer drinkers were upstanding members of society (Baron, 1962).

In contrast to microbreweries and brewpubs, contract brewers, an organizational form that emerged at about the same time, have been much less successful in establishing a robust identity. Because contract brewers brew their beer at other firms’ breweries, other beer producers have labeled them as fraudulent breweries. For instance, in 1996, Anheuser Busch filed a complaint with the Government alleging that the labels on Boston Beer Company’s Samuel Adams beer were misleading because the labels stated that Boston Beer Company
brewed Samuel Adams. In actuality, Boston Beer Company was a contract brewer that used facilities owned by a mass production brewery (in this case Strohs Brewing Co.) to produce its beer.

Because contract brewers have had less success than brewpubs or microbreweries in differentiating their identity from that of mass production breweries, this organizational form may have had greater difficulty in becoming established. Figures 1 and 2 offer some support for this argument. Figure 1 shows that from 1985 to 1995 the number of microbreweries and brewpubs grew at a much faster rate than the number of contract brewers. Figure 2 illustrates that contract brewers also had higher failure rates than other specialist breweries over most of the time period. Although this evidence is purely descriptive, it suggests that new organizational forms that fail to create a collective identity that is separate and distinct from that of the dominant incumbent organizational form may suffer poorer outcomes than those that do develop a distinct identity.

Proposition 4: Organizations with new forms will be more likely to survive and grow if they can construct a collective identity that is (b) distinct from that of the dominant incumbent organizational form and (b) difficult for the dominant incumbent organizational form to assume.

Collective Action Frames and Preexisting Infrastructure

Collective action frames can also emerge through affiliation with preexisting groups and networks, particularly if these attachments are valued. Clemen's (1993) study of women's groups over 1890-1920 showed how women's groups chose organizational forms that were recombinations of the organizational models that were available in society. The choice of a model in turn strengthens ties to some existing organizations and weakens ties to other kinds of
organizations. For instance, by calling themselves a *club*, the New England Women's Club distanced itself from religious associations and charities and borrowed with modification, a "male" model of organization. The success of these organizations is crucially linked to the facility with which institutional entrepreneurs can recombine existing organizational models and cultural materials to legitimize the new form (Rao, 1998).

A favorable opportunity structure and preexisting infrastructure can also promote the emergence of a collective identity because they encourage early interactions among industry participants. These interactions promote interdependencies between previously isolated entrepreneurs and thus accelerate the legitimation process (Romanelli, 1989). Early interactions between industry participants may be particularly critical because early founders bear more of the costs in legitimating the organizational form (Delacroix and Rao, 1994).

To the extent that early entrants in the industry can mobilize collectively, it can produce a bandwagon effect as external constituencies see the form as reliable and as barriers to the capital market fall. Moreover, a community structure may evolve as other populations of organizations that support the original population emerge. For instance, semiconductor manufacturers do not exist in a vacuum, they have interdependent relationships with producers of semiconductor equipment and associated products as well as many other populations. Similar outcomes occur in social movement industries. In achieving early success, a social movement encourages the emergence of other related movements that take advantage of the opportunity structure that the original movement has opened up (Tarrow, 1991). Such a result is consistent with Arthur, Ermoliev, and Kaniovski’s (1987) idea that initial conditions can have powerful effects on a system’s evolution.
Proposition 5: Organizations with new forms that model themselves after or form linkages with existing organizations with established identity characteristics will experience a greater chance of survival.

Competition and Collective Action

Quite often, the emergence of a social movement arouses opposition in the form of a countermovement. For instance, the success of the women's movement in legalizing abortion led to the formation of antiabortion groups such as Operation Rescue that opposed abortion. Similarly, movements and countermovements have emerged over a variety of issues including affirmative action, civil rights, smoking, and even marijuana use (Meyer and Staggenborg, 1996).

The presence of a countermovement or antagonist plays an important role in the development of movement frames. Snow and Benford (1988) argue that three framing tasks must be accomplished in order for collective action to emerge, namely diagnostic framing, prognostic framing and motivational framing. In diagnostic framing, activists focus on a problem that demands redress and identify the agents responsible. Prognostic framing involves having a plan so that the situation can be corrected. Motivational framing provides motives or reasons why the collective action should be undertaken. A critical aspect of farming processes involves making attributions about those who support the movement (protagonists) and those who oppose it (Hunt, Benford, and Snow, 1994).

In defining antagonist identities movement actors first identify opponents to the movement and then attempt to show how their opponents' beliefs and practices conflict with their own identity (Benford and Hunt, 1992; Morris, 1992). For instance, a movement called Mobilization for Survival blamed multinational corporations for polluting the environment,
manipulating US foreign policy and contributing to third world poverty (Hunt, Benford, and Snow, 1994). Such actions are consistent with the idea that conflict with an outgroup leads to greater cohesiveness and commitment on the part of a focal group (Sherif et al., 1961).

For collective action to develop, however, individuals must attribute their feelings of injustice to causes that are potentially controllable (Klandermans, 1997). Thus, in the example above, Mobilization for Survival would likely have had much more difficulty in mobilizing its constituents if it attributed the social ills that it targeted to more uncontrollable causes such as the nature of man or technological change. At first glance, these framing strategies may not seem applicable to business organizations. There is evidence, however, that such processes do occur, particularly during the early development of an industry. For instance, brewpub and microbrewery owners view brewing as a craft and look with disdain upon mass production breweries (Carroll and Swaminathan, 2000). Similarly contract brewers (firms that brew their beer at other firm’s breweries) are characterized as “pretend” breweries. Another example comes from the early telephone industry. In the early 1900s there were numerous independent telephone companies that were competing with the Bell system. During this period, the independents lobbied to place restrictions on Bell Telephone. Bell was portrayed by the independents as an evil corporation that utilized anti-competitive practices (Barnett and Carroll, 1993).

A similar process seems to have occurred among organizations that develop applications supporting Sun’s Java language. Because Java is a software standard that can run on any chip based system, it could reduce many software companies’ dependence on Microsoft, a company that is often portrayed as a threat to the survival of other members of the computer software industry. This conflict seems to have spurred action through a variety of resource mobilization
structures. For example, Sun has formed alliances with dozens of competitors in an effort to promote Java as an alternative to Windows (Forbes, Jan 11, 1999). In addition, the president of the Java lobby, an ad hoc association which boasts over 12,000 members “declared war” on Microsoft after the company introduced an incompatible version of Java. Rick Ross, the association’s president stated on the lobby’s web site that, “the Java Lobby must abandon all hope that Microsoft will cease their antagonism to Java and to us, the community of Java developers and supporters.” Collective action will emerge much more slowly in populations that fail to identify an opposing outgroup. Thus, for instance, if actors in a new population attribute their difficulties to uncontrollable causes such as poor industry conditions, a collective action frame is unlikely to develop.

Proposition 6a: Organizations with a new form are more likely to engage in collective action when faced with competition for resources from other organizational forms.

Interestingly, one of the implications of this process is that there is room for strategic action on the part of movement participants. Freidman and McAdam (1992), for instance argue that social movement leaders can sometimes strategize and influence the identity formation process. Thus, it may be that it is not simply whether there is an actual threat to a new industry, but whether industry participants perceive that an outgroup exists. In the case of the early telephone industry the threat from Bell was quite real. Before it agreed to the Kingsbury commitment, Bell was actively taking over the smaller systems and using its monopoly power to effectively crush any opposition.

Mass production breweries, however, posed little threat to the new specialists in the brewing industry, particularly brewpubs. Because of the economies of scale associated with high
concentration in the industry, mass producers had little incentive to compete with the new specialist populations whose production accounted for only a fraction of the industry total. At the same time, however, the mass producers were a very salient presence in the industry to the brewpubs and microbreweries. It is not surprising that brewpubs and microbreweries would view the mass producers as threatening rivals. Such a view is consistent with Porac et al.'s (1995) findings in the Scottish knitwear industry. They found that while small firms were quite likely to name larger producers as their rivals, larger producers were much less likely to perceive the smaller firms as rivals. If the process of resource partitioning leads specialists to perceive the generalists as threats, it may be a fertile ground for the emergence of collective action. Moreover, collective action may be particularly likely to succeed under these conditions because the threat is more perception than reality.

Proposition 6b: Organizations with a new form are more likely to engage in collective action when they perceive competition with other organizational forms.

In many cases, however, increases in the strength of the countermovement will weaken a social movement due to direct competition for resources. Amenta and Zylan (1991), for example, find that growth in patronage-oriented traditional party organizations depressed the growth of the Townsend movement. The effects of competition with a countermovement may be more complicated. Social movement organizations may benefit initially from the higher cohesion that results from competition with a countermovement. But if the countermovement continues to grow, survival chances of movement organizations should decline.

Proposition 7: The growth of rival organizational forms will first increase and then decrease the survival chances of organizations with a new form.
Consistent with this proposition, Ingram and Simons (1998) find that increasing concentration of economic resources among Israeli banks, a countermovement, first increased and then decreased the failure rate of Israeli worker cooperatives.

**Incumbent Responses to the Emergence of New Organizational Forms**

Emerging organizational forms that achieve some success may also provoke responses from incumbent populations. For example, incumbent firms often respond to competence-destroying technological discontinuities by improving the price-performance characteristics of their current technology. Thus, telephone companies introduced digital subscriber lines in response to the challenge posed by cable modems.

Such a process is consistent with the idea that intense competition causes central players in an industry to adopt value-adding routines from the periphery (Leblebici et al., 1991). Thus incumbents may attempt to incorporate the new technology or approach that gives the new organizational form a competitive advantage. If organizations with a new form introduce a new technology, the success of incumbents in imitating the technology partially depends on whether the new technology is competence enhancing or competence destroying. Incumbent firms will have great difficulty incorporating competence-destroying technologies because they do not build on their existing routines and skills (Tushman and Anderson, 1986; Tushman and Murmann, 1998). Incumbent organizational forms that are able to assume a robust identity (Padgett and Ansell, 1993; Stark, 1996) by adding the identity characteristics of the new organizational form to their original identity will reduce the survival chances of organizations with a new organizational form.
Proposition 8: Organizations with a new form will experience lower survival chances if incumbent organizational forms are able to assume a robust identity that includes the identity characteristics of the new organizational form.

Proposition 8 corresponds to a process by which the goals of new organizational forms are coopted by the existing dominant organizational form. This could occur either as a result of an independent strategic decision on the part of the incumbent form or through the sponsorship of organizations with the new form by incumbent organizations. Sponsorship ties include acquiring partial ownership, the establishment of inter-firm alliances and the licensing of technology developed by organizations with the new form.

Summary

Bernstein (1997) suggests that emergent movements lacking a collective identity will emphasize differences and indeed celebrate them in order to attract adherents. Once the movement is established and has access to the polity, however, more moderate strategies will tend to emerge. Our examples from the brewing industry fit this pattern. Microbreweries and brewpubs are a relatively new and small population that is threatened by the rest of the industry. Consequently, differences with the dominant incumbent organizational form, the mass production brewery, are emphasized. In the 1860s, however, brewers had a strong association and could exercise substantial power in many state governments and, as a result adopted more moderate identity strategies. As we discuss below, however, the very fact that a new population becomes successful and creates a strong infrastructure can ultimately lead to a decline in cooperative activity and an increase in competition.
Industry Maturation and Collective Action

As an industry ages, cooperation among firms tends to decline and interaction among firms becomes increasingly competitive. In our view, this process occurs as threats from opposing groups subside and the population establishes a stable collective identity. That such a process occurs is not surprising given that one important element that stimulates cooperation and the generation of a collective action frame is the identification of a threat from an opposing group (Hunt, Benford and Snow, 1994).

Events occurring in the early telephone industry provide a striking example of this process. As we noted earlier, independent telephone companies cooperated in opposing the Bell system and lobbying for restrictive legislation. To avoid the passage of such restrictive legislation, Bell agreed to abide by the Kingsbury Commitment. Among other things, the agreement stipulated that Bell must hook up the independents to its system for a reasonable cost. Interestingly, after the passage of the agreement competition between the independents increased and mortality rates rose (Barnett and Carroll, 1993).

Barnett and Carroll (1993) argued that the Kingsbury commitment triggered a competitive release. With the threat from Bell minimized, the independents entered into intense competition with each other. This result suggests an intriguing possibility, namely that once the perception that there is an external threat disappears, collective action in an industry is substantially reduced.

A similar process seems to be occurring among supporters of the Java software standard. In November 1998, Sun prevailed in its lawsuit against Microsoft. Microsoft was barred by its license with Sun from producing incompatible versions of Java. After this victory, however, Forbes (January 11th 1999) reported that, “feuding factions have begun to pursue rival Java
designs.” Thus, success may be a double-edged sword in that it lowers the propensity for collective action and increases intra-industry competition (Zald and McCarthy, 1980).

The evolution of interorganizational relationships among organizations of a new form from cooperation to competition is consistent with density dependent models of organizational evolution (Hannan and Carroll, 1992). When an organizational form is nascent, collective action helps establish its legitimacy. Once legitimacy is attained, however, organizations compete with each other for resources within the once-new form's niche.

Proposition 9: As a new organizational form becomes legitimate and successful, the level of collective action in the industry will decrease.

Even though collective action will decrease in a population when external threats subside, resource mobilization structures such as trade associations are still maintained. The involvement of member organizations in these associations is significantly lower than their involvement when the industry was in the process of establishing a collective identity. For instance, the primary role of the Semiconductor Industry Association today is the dissemination of information among industry participants rather than encouraging cooperative activity. In many ways the transformation of these associations resemble the changes occurring in social movements when they have achieved some degree of success.

Michels (1962) suggested that as social movements grow and acquire more resources, social movement organizations transform their goals from activism to organizational maintenance and oligarchization. Tactics become more moderate and the leadership flows into the hands of a few members. This conservative transformation is partly driven by movement growth. As growth continues, there is increasing structural differentiation and professionalization of roles. Indeed Rose (1967) suggests that as organizations age and grow in size, the number of
staff increases while the rights of members decrease. In a sample of trade associations, Leblebici and Salancik (1989) generally found that there were significant negative correlations between the age and size of an association and members’ rights.²

The evolution of resource mobilization structures such as industry associations parallels those of movements that Zald and Ash (1966) have referred to as “becalmed.” Becalmed movements have not achieved complete success but have influenced the course of events leading up to the present. Moreover their goals are still relevant. Similarly, industry associations and other mobilization structures have played an important role in the evolution of the industry, and their goals are still important to industry members. Thus, population members are willing to contribute resources to maintain these structures but are no longer intimately involved. The maintenance of these structures is potentially useful because they serve as an infrastructure that the industry can draw upon if a significant threat to their viability emerges. At the same time, however, it might be difficult for firms effectively mobilize these structures in the face of a new threat if they have only been indirectly involved for a long period of time. In summary, as a new form becomes legitimated the goals of the resource mobilizing structures representing the form will tend to focus on the survival and the maintenance of the resource mobilizing structures themselves. In turn, this transformation will act as a segregating process that increasingly differentiates the resource mobilization structures from the organizational form itself.

Proposition 10: As a new organizational form gains legitimacy, the resource mobilization structures representing the form will become increasingly segregated and differentiated from the organizational form.
Proposition 11: As a new organizational form gains legitimacy, the goals of the resource mobilization structures representing the form will be transformed from activism to organizational maintenance.

Table 2 shows that the population of specialist breweries has grown over time. Membership in the industry association, however, seems to be losing its appeal to more recent entrants into the specialty-brewing segment. The proportion of specialty breweries that are members of the industry’s trade association, The Institute for Brewing Studies, has fallen from a peak of almost 52 per cent in 1995 to roughly 42.5 per cent by September 1998. Casual observation also suggests that involvement in running the trade association and organizing key activities such as an annual trade convention has become the province of a few key players in the industry supplemented by a professional staff. As the number of members in an association increases over time, free-riding may become a significant problem, as many members gain the informational benefits afforded by membership without being significantly involved in the association’s activities. In turn, this process may accelerate the rate at which the association’s primary goals are transformed from those of activism for the organizational form to the maintenance of the association and its professional staff.

Collective Action and the Choice of Organizational Form

Thus far, we have primarily how collective action can influence the emergence and success of new organizational forms. Of course, new organizational forms can emerge and thrive in the absence of collective action (see Romanelli, 1991 for a review). Even in the presence of infrastructural deficits, changes in technology, government policies, and consumer preferences can create resource spaces for new organizational forms. And, as we discussed above, collective
action often fades over time in an industry. This raises the question of what kinds of organizations benefit when collective action is absent and when it is present. The answer to this question boils down to the choice of an appropriate organizational form. Organizational forms can be defined along two dimensions: r versus K strategists and specialists versus generalists (Brittain and Freeman, 1980). R-strategists are first-movers who move rapidly into new niches when organizational density is far below the population's carrying capacity. K-strategists enter the population at a later stage when density approaches the carrying capacity and compete on the basis of efficiency. Specialist organizations depend on a narrow range of resources for survival, whereas generalist organizations depend on a broad range of resources for survival. Gamson (1990: 44-46) found that single-issue social movement organizations were more likely than multiple-issue social movement organizations to be accepted by antagonist groups and gain new advantages for their constituents. Because of their narrow focus, single-issue social movements are able to develop a more distinct social identity that is better able to attract resources and execute strategy. Similarly, specialist organizations tend to develop a sharper identity that allows them to target distinct, relatively uncontested niches that can sustain them in the early phase of an industry. Internal coordination costs are also lower for specialist organizations that have a restricted set of activities (Barnett and Freeman, 1997), a crucial advantage in emerging industries where organization-building resources are often scarce. Finally, because of their narrow focus specialists are less likely to provoke a response from incumbent organizations that would threaten their survival (Péli and Noteboom, 1999).

Proposition 12: In an emerging industry, specialist organizations will have a survival advantage over other organizational forms.
Older and larger social movement organizations are able to mobilize more resources and survive (Edwards and Marullo, 1995; McCarthy and Wolfson, 1996; Cress and Snow, 1996). Large, single-issue social movement organizations can be classified as K-specialists since they complement their focus on a narrow movement niche with the efficiency of formal organization. In emerging industries, as we have previously discussed, organizations can take collective action to enhance the cognitive legitimacy of the organizational form. Collective action often occurs in the development of technical standards and regulatory regimes (Van de Ven and Garud, 1994: 436; Hunt and Aldrich, 1998: 288). Other collective strategies include the establishment of trade associations, research consortia, and interfirm alliances (Aldrich and Fiol, 1994). The presence of collective action reduces technological, and more generally, environmental uncertainty in an industry and allows K-specialists to be more successful (Hunt and Aldrich, 1998: 283).

**Proposition 12a:** When collective action is present within an emerging industry, K-specialist firms will have a survival advantage over other organizational forms.

In the absence of collective action, emerging industries are characterized by competition between rival technological designs. Both the future technological trajectory and market potential are uncertain. In this era of ferment, r-specialist firms with their emphasis on speed and flexibility are more likely to be successful (Brittain and Freeman, 1980; Hunt and Aldrich, 1998: 281).

**Proposition 12b:** When collective action is absent within an emerging industry, r-specialist firms will have a survival advantage over other organizational forms.

**Conclusion**

With few exceptions (see for example Davis and Thompson, 1994) social movement theory has not been used to explain outcomes for business organizations. Many strands of
organization theory including institutional theory (Conell and Voss, 1990; Clemens, 1993),
organizational ecology (Edwards and Marullo, 1995; Minkoff, 1997) and social network theory
(Snow, Zurcher and Ekland-Olson, 1980; Gould, 1993) have influenced social movement
theorists. In this paper, we derived implications for the evolution of new organizational forms
from a variety of perspectives in social movement theory, particularly those that focus on the
mobilization of resources and the generation of collective action frames. Social movement
theory is especially useful in explaining the emergence and survival of new organizational forms
because collective action is often required to establish the form's legitimacy. New organizational
forms also typically seek to replace the dominant incumbent organizational form much as social
movement organizations challenge elite organizations. The formation of a distinct and
inimitable collective identity by organizations with a new form is crucial to the success of this
endeavor.
Footnotes

1. Of course, this result must be viewed with extreme caution because this correlation is based on a very small number of observations.

2. In one analysis, Leblebici and Salancik (1989) split their sample into associations that had specific purpose statements verses those that had general statements. The correlation between size and members rights was not significant for those associations that had specific purpose statements, although it was in the expected negative direction.
References


McAdam, D., J. D. McCarthy, and M. N. Zald, 1996. "Introduction: Opportunities, Mobilizing Structures, and Framing Processes -- Toward a Synthetic, Comparative Perspective on Social Movements." In D. McAdam, J. D. McCarthy, and M. N. Zald (eds.), *Comparative Perspectives on Social Movements: Political Opportunities, Mobilizing Structures, and Cultural Framings*. Cambridge: Cambridge University Press.


Table 1

Number of Specialist Beverage Firms, 1970 – 1995

<table>
<thead>
<tr>
<th>Year</th>
<th>Farm Wineries(^a)</th>
<th>Microbreweries(^b)</th>
<th>Brewpubs(^b)</th>
<th>Coffee Shops(^c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>158</td>
<td>1</td>
<td>0</td>
<td>Not Available</td>
</tr>
<tr>
<td>1971</td>
<td>163</td>
<td>1</td>
<td>0</td>
<td>Not Available</td>
</tr>
<tr>
<td>1972</td>
<td>185</td>
<td>1</td>
<td>0</td>
<td>Not Available</td>
</tr>
<tr>
<td>1973</td>
<td>199</td>
<td>1</td>
<td>0</td>
<td>Not Available</td>
</tr>
<tr>
<td>1974</td>
<td>226</td>
<td>1</td>
<td>0</td>
<td>Not Available</td>
</tr>
<tr>
<td>1975</td>
<td>251</td>
<td>1</td>
<td>0</td>
<td>Not Available</td>
</tr>
<tr>
<td>1976</td>
<td>297</td>
<td>2</td>
<td>0</td>
<td>Not Available</td>
</tr>
<tr>
<td>1977</td>
<td>342</td>
<td>2</td>
<td>0</td>
<td>Not Available</td>
</tr>
<tr>
<td>1978</td>
<td>398</td>
<td>3</td>
<td>0</td>
<td>Not Available</td>
</tr>
<tr>
<td>1979</td>
<td>484</td>
<td>5</td>
<td>0</td>
<td>25</td>
</tr>
<tr>
<td>1980</td>
<td>558</td>
<td>8</td>
<td>0</td>
<td>Not Available</td>
</tr>
<tr>
<td>1981</td>
<td>631</td>
<td>9</td>
<td>0</td>
<td>Not Available</td>
</tr>
<tr>
<td>1982</td>
<td>683</td>
<td>11</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>1983</td>
<td>739</td>
<td>10</td>
<td>1</td>
<td>Not Available</td>
</tr>
<tr>
<td>1984</td>
<td>818</td>
<td>21</td>
<td>3</td>
<td>Not Available</td>
</tr>
<tr>
<td>1985</td>
<td>873</td>
<td>26</td>
<td>6</td>
<td>Not Available</td>
</tr>
<tr>
<td>1986</td>
<td>943</td>
<td>37</td>
<td>15</td>
<td>Not Available</td>
</tr>
<tr>
<td>1987</td>
<td>1001</td>
<td>46</td>
<td>25</td>
<td>Not Available</td>
</tr>
<tr>
<td>1988</td>
<td>1031</td>
<td>54</td>
<td>69</td>
<td>Not Available</td>
</tr>
<tr>
<td>1989</td>
<td>1051</td>
<td>73</td>
<td>110</td>
<td>200</td>
</tr>
<tr>
<td>1990</td>
<td>1140</td>
<td>82</td>
<td>136</td>
<td>700</td>
</tr>
<tr>
<td>1991</td>
<td>1153</td>
<td>109</td>
<td>178</td>
<td>1100</td>
</tr>
<tr>
<td>1992</td>
<td>1178</td>
<td>104</td>
<td>203</td>
<td>1600</td>
</tr>
<tr>
<td>1993</td>
<td>1213</td>
<td>126</td>
<td>265</td>
<td>2100</td>
</tr>
<tr>
<td>1994</td>
<td>1302</td>
<td>192</td>
<td>352</td>
<td>2750</td>
</tr>
<tr>
<td>1995</td>
<td>1350</td>
<td>291</td>
<td>544</td>
<td>4000</td>
</tr>
</tbody>
</table>

\(^a\) Farm winery densities are based on data collected by the first author.

\(^b\) Brewpub and microbrewery densities are based on data used in Carroll and Swaminathan (2000).

\(^c\) Coffee shop densities were estimated by the Specialty Coffee Association of America. Data on the number of coffee shops was not available before 1979 and only intermittently until 1989.
Table 2

Membership of Specialist Breweries in the Institute of Brewing Studies, 1991-1998\textsuperscript{a}

<table>
<thead>
<tr>
<th>Year</th>
<th>Number Of Specialist Breweries</th>
<th>Number Of IBS Members</th>
<th>% Of Specialist Breweries That Are IBS Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>267</td>
<td>70</td>
<td>26.22%</td>
</tr>
<tr>
<td>1992</td>
<td>307</td>
<td>99</td>
<td>32.25%</td>
</tr>
<tr>
<td>1993</td>
<td>391</td>
<td>150</td>
<td>38.36%</td>
</tr>
<tr>
<td>1994</td>
<td>544</td>
<td>239</td>
<td>43.93%</td>
</tr>
<tr>
<td>1995</td>
<td>835</td>
<td>434</td>
<td>51.98%</td>
</tr>
<tr>
<td>1996</td>
<td>1067</td>
<td>485</td>
<td>45.45%</td>
</tr>
<tr>
<td>1997</td>
<td>1306</td>
<td>581</td>
<td>44.49%</td>
</tr>
<tr>
<td>1998</td>
<td>1370</td>
<td>582</td>
<td>42.48%</td>
</tr>
</tbody>
</table>

Figure 1: Density of Contract Breweries, Microbreweries and Brewpubs
Figure 2: Death Rates of Specialist Breweries