Three times around institutional theory: The coherence, connection and contribution of three recent books

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Introduction

The ‘new’ institutionalism emerged on the scene at the end of the 1970’s. With its focus on more cognitive and cultural explanations for organizational forms and legitimacy as a dominant driver of organizational action, the perspective formed a much-needed complement to the rational-adaptive theories that had dominated the organizational sciences in the years before. The perspective was generally perceived as a theory of stability rather than as a theory of change (Greenwood & Hinings, 1996). At the end of the 1980’s, this and other limitations of the institutional perspective became more apparent. In organizational practice, individuals and organizations sometimes radically break away from arrangements prescribed by the institutional environment. Moreover, institutions are subject to significant changes themselves. Because of this, in more recent years the institutional perspective has attempted to incorporate more attention for the role of agency in bringing about change (DiMaggio, 1988; Oliver, 1991) and by attempting to reintegrate aspects of the ‘old’ institutional perspective (Selznick, 1957; Hirsch & Lounsbury, 1997; Powell & DiMaggio, 1991).

For a large part, this reinvention of institutional theory took place after the last ‘big books’ on institutional theory had been published. Powell & DiMaggio’s The
New Institutionalism in Organizational Practice (1991) provided an overview of the yields of the first decade of new institutional theory. More importantly, the authors clearly advocated a refocusing of the institutional perspective. Although this macrostructural perspective is still present in contemporary work within the institutional perspective (e.g. Ashworth, Boyne & Delbridge, 2007; Frumkin & Galaskiewicz, 2009), the focus of institutional theory has shifted more towards the role of agency and accounting for change. Scott’s Institutions and Organizations (2001) is already more geared towards accounting for change, dynamics and power, but much of the refocusing of institutional theory came about more recently in the past decade.

Luckily, in the past years, a number of books were published that account for these changes and new approaches in institutional theory. In this review, three notable books will be reviewed: Greenwood, Oliver, Sahlin and Suddaby’s (2008) The Sage Handbook of Organizational Institutionalism, Lawrence, Sudabby and Leca’s (2011) Institutional Work: Actors and Agency in Institutional Studies of Organizations and The Institutional Logics Perspective: A New Approach to Culture, Structure and Process by Thornton, Ocasio and Lounsbury (2012). The goal of this essay is to evaluate the contribution of these three recent books to the development of the institutional perspective, and to identify points of attention for the future research.

This essay is structured as follows. The three selected books will be reviewed from three perspectives. The first perspective is coherence: How are the three books related to each other and to institutional theory in general? In this section, a short overview of the three books will be given in which overlaps and differences of the books are discussed. The second perspective highlights connections: How applicable are the insights of the books in other disciplines in the social sciences, and how well are the three books connected to other theoretical perspectives on organizations? The third and final perspective is contribution: In what way have the three books contributed to the development of institutional theory? The distinction between theory generation and theory testing is central to this section. After discussing these three perspectives, conclusions and recommendations for future research are presented.
The past decade has been a dynamic time period in the development of institutional theory, in which many concepts and theoretical insights were introduced. However, relatively little books were published, as most of the theory development took place in the journals. As stated in the introductory section, it has been some years since the publication of the ‘big books’ on institutional theory. Apart from the content of the book, *The Sage Handbook of Organizational Institutionalism* definitely qualifies as a ‘big book’. The book consists of over 800 pages, divided into 34 separate chapters and it consists of the work of 62 authors. While the two other books are mainly focused on the introduction and elaboration of new concepts, one of the main merits of this book is that it arguably provides the most extensive overview of the development of institutional theory written to date.

The authors portray a great sense of the history of institutional theory, as most of the separate chapters start with an overview of the development of institutional journey so far. In addition, the first section of the book is devoted to the foundational themes of institutional theory. Because of this, *The Sage Handbook of Organizational Institutionalism* is an invaluable resource for junior researchers and others who are new to the institutional perspective. The book has much to offer for senior researchers too, as many of the leading authors of the past decades discuss the state of the art of contemporary institutional theory. The authors expand on previous books on institutional theory, such as Powell & DiMaggio (1991) and Scott (2001), by incorporating a lot of attention for the dynamics of institutional processes. The book contains valuable contributions about the activities of institutional entrepreneurs (Hardy & McGuire), the implications of institutional pluralism (Kraatz & Block), imitation, translation and editing of ideas (Sahlin & Wedlin) and the role of power (Lawrence). Next to these merits, the book also has a few drawbacks. Because many of the chapters start with an overview of the institutional perspective, some of the content of the book is repetitive or even redundant. And although the editors of the book identify future directions for research in the introduction, most of the individual chapters conclude by formulating suggestions for future research as well. Finally, in order to truly live up to the claim of being a handbook, the authors could have made a valuable contribution to the field by including a practice or methodological section in the book.
While the *Sage Handbook of Organizational Institutionalism* covers much of the state of the art of institutional theory, the other two books are more focused as they attempt to introduce relatively new approaches to the institutional perspective. *Institutional Work*, edited by Lawrence, Sudabby and Leca (2011) is about recent insights into the role of actors in creating, maintaining and disrupting institutions. As such, the book contributes to insights into micro dynamics in institutional theory. *The Institutional Logics Perspective*, by Thornton, Ocasio and Lounsbury (2012), also elaborates on a relatively new approach in the institutional perspective. Although a more extensive definition is presented in the book, an institutional logic can be seen as the content or meaning of institutions. The authors position institutional logics as a midway concept between macro level structural explanations and micro level activities of individuals and organizations.

The distinction between structure and agency is central in institutional theory. This distinction suggests that the book on institutional work is on the agency side of institutional theory, while the book on the institutional logics contributes to the structural side. Although Thornton, Ocasio and Lounsbury do not agree with this, by stating that “the one is interpreted with the other” (2012: pp. 179), there is a clear difference in theoretical focus between the books. The same authors, too, acknowledge that it is difficult to account for both sides in one scholarly publication. One of the challenges of institutional theory thus remains to avoid a ‘flip-flop’ between deterministic structures and heroic agency (Cooper, Ezzamel & Willmott, 2008).

The authors of the final chapters of the *Sage Handbook of Organizational Institutionalism* raise the question of whether institutionalism is a single coherent theory (Palmer, Diggart & Dick; Meyer). In another chapter, Thornton and Ocasio comment that institutional theory is not very coherent. With the great pace in which new insights and concepts have been added to institutional theory in recent years, there is a risk that the different approaches under the umbrella of institutional perspective will further diverge. The books on institutional work and institutional logics exemplify this. Although both approaches are necessary and relevant for the further development of institutional theory, there is a need for authors that operate on the frontline of institutional theory to constantly take a step back and relate their work to other approaches in institutional theory. The authors of all three selected books
seem to be aware of this challenge. For example, in the *Sage Handbook of Organizational Institutionalism* and *Institutional Work*, some chapters relate the current attention for agency to the concept of institutional leadership of Philip Selznick (1957). In *The Institutional Logics Perspective*, there is an entire chapter devoted to how the concept is related to other concepts in institutional theory, such as institutional work, institutional complexity and social movements. Although looking back is one strategy to prevent a divergence of the underlying approaches in institutional theory, the need for scholarly work that incorporates the multiple approaches of institutional theory remains.

**Connections**

Institutional theory is applied to disciplines such as political sciences, economics, organizational science, business management and public administration. The applicability of institutional theory across different disciplines may thus seem sizeable, but a remark must be made that there are important differences in the application of institutional theory between the different disciplines (see Peters (2005) for an excellent overview). Rather than rational choice or historical institutional theory, the sociological or normative perspective is the dominant strand of institutional theory in the organizational sciences.

The institutional perspective emerged as a supplement or even much needed antidote (Greenwood, Oliver, Sahlin & Suddaby, 2008) to the dominant rational-adaptive organizational theory of the sixties. The purpose of institutional theory was to better account for organizational life from a cultural, legitimacy-based perspective. In the years that followed, the institutional perspective has quickly become mainstream. Concepts such as rational myths (Meyer & Rowan, 1977), isomorphism (DiMaggio & Powell, 1983) and strategic responses (Oliver, 1991) have been applied in multiple disciplines in the social sciences. Contemporary institutional theory is characterized by a distinct vocabulary, as well as a high degree of specialized and detailed concepts and theories. Examples are the institutional entrepreneur or the notion of the paradox of embedded agency. In contrast to some of the relatively aged concepts of the ‘new institutionalism’, these are less frequently applied in disciplines other than the organizational sciences. There is thus a risk that recent insights of
institutional theory are less broadly applicable than the key concepts of the 1980’s. For scholars in other disciplines, it seems that institutional theory has evolved little beyond ideas of legitimacy and isomorphism. As a result, the relevant audience on the frontline of the development of institutional theory is rather limited. There is thus a risk that the development of institutional theory has shifted from ‘enlightening the masses’ to ‘preaching to the choir’.

In the previous section, it became apparent that the three selected books are quite well connected to each other, and to institutional theory in general. In contrast, the books on institutional work and institutional logics seem to be less oriented on connecting with other organizational theory. The aim of the book on institutional work is to set a research agenda within the approach of institutional work. Similarly, the objective of the book on institutional logics is to further develop institutional theory: “this book is about how the institutional logics perspective transforms institutional theory” (Thornton, Ocasio & Lounsbury, 2012: pp. 1). The deepening of the institutional perspective thus seems to be a higher priority than its connection to other theory. Moreover, connecting to practitioners is higher on the agenda of Lawrence, Suddaby & Leca (2011) than connecting their concept of institutional work to other organizational theory. By highlighting the practice side of institutional theory the authors hope to make the concept more compelling for a non-academic audience.

The Sage Handbook of Organizational Institutionalism provides an overview of institutional theory rather than an expansion of a new concept or approach. In contrast with the other two books, the largest section of the book is devoted to interfaces of institutional theory with other theoretical perspectives. In all, this section contains 15 chapters on about several topics, including identity theory (Glynn), networks (Owen-Smith & Powell) and institutional leadership (Washington, Boal & Davis). The book on institutional logics by Lawrence, Suddaby and Leca (eds. 2011) also contains a chapter on connecting the institutional concept of agency with leadership. It is striking however, that the scope of both chapters is limited to the concept of institutional leadership of ‘old’ institutionalism. In order to achieve a broader applicability, contemporary institutional theory could be connected with relevant leadership theories such as transformational leadership, authentic leadership or boundary spanning leadership (Avolio, Walumbwa & Weber, 2009).
**Contribution**

In the previous sections, I have argued that institutional theory is in itself a coherent theoretical perspective, but that there is a risk of becoming disconnected from other perspectives within organizational theory. To exemplify this claim, I have argued that two of the three selected books in this review are aimed at deepening our understanding of institutional theory, rather than providing links with other theoretical perspectives. This difference in ambition has consequences for the way research is conducted. In *The Sage Handbook of Organizational Institutionalism*, only a relatively small portion of the book is devoted to actual application of institutional theory in scholarly research. The other chapters of the book are mostly set-up as conceptual chapters or overviews of the literature. The book on institutional work contains four conceptual essays and six studies of institutional work. The book on institutional logics is set up as a textbook, in which many previous studies are cited, but no new empirical studies are presented. This section on *contribution* therefore applies mostly to the former two books.

As was noted in the previous section, the objective of most authors is to further advance institutional theory. *The Sage Handbook on Organizational Institutionalism* and the book on institutional work together contain ten chapters in which a study is presented. Among these ten studies there are 3 conceptual papers and literature reviews. Of the seven empirical papers, six are based on single case study designs with qualitative methods, while only one chapter is based on a quantitative large-N design. Moreover, all the six qualitative papers are aimed at theory generation. The quantitative study is the only study aimed at falsifying theory through hypotheses testing.

It is evident from the many literature overviews presented in the three selected books that institutional theory has rapidly developed over the past years. However, the emphasis in institutional research is on exploration and description, rather than explanation and prescription. Without proper theory testing, the validity of new theoretical insights is not automatically ensured. This can have negative consequences for internal coherence and external connections with other theory, as theoretical insights may prove to be unreliable, (externally) invalid, and conflicting with other research. Therefore, institutional researchers may need to restrain their drive to further
expand the number of concepts and theories within institutional theory, and put more
effort to test theories and assumptions. This will also have consequences for the
designs and methods used in research on institutional theory. Most of the theory
development has taken place through conceptual work and single case study designs.
While single case studies are useful for theory generation, other designs may be better
for theory testing (Yin, 2009). For example, a ‘Sinatra’\textsuperscript{1} or least-likely case study
design, a comparative design selected on key variables (e.g. Fox-Wolfgramm, Boal &
Hunt, 1998), or large-N quantitative may help to specify or refute existing theory in
order to advance the field.

**Conclusion**

The three selected books are on the ‘frontline’ of contemporary institutional theory.
All three books are valuable contributions to the field, as they provide overviews of
the development of the institutional perspective so far, and contribute to the further
development of institutional theory with the introduction of new concepts and
approaches. The question remains: What can other scholars of organization gain from
engagement with these recent books on institutional theory? The institutional
perspective has not traditionally been branded as a ‘critical’ perspective, but some
connections can be drawn nonetheless. The rejection of the rationalist paradigm is the
most fundamental. By rejecting the rationalistic orthodoxy, institutional theory helps
to bring social processes to the fore – processes which are imbued with power and
politics. The move towards an agentic paradigm under the rubric of ‘institutional
work’ has much to say about concepts such as resistance and change. It also develops
important links to ideas from social movement theory, which gives us insights into
how new political and activist movements are born, or intra-organizational
perspectives focused on strategic change and its leadership. Despite the move towards
more agentic and cognitive theories, a psychological approach is noticeably absent in
the institutional perspective. Because the psychological approach is becoming more
and more central to the organization sciences, the incorporation of such work
represents a key avenue for future theory development and an opportunity for an

\textsuperscript{1} If the theory can make it here, it will make it everywhere.
improved embeddedness with other perspectives in the organization sciences. The notion of institutional ‘logics’ has potential connections with Foucaultian and other post-structuralist thinking by drawing attention to the way in which the subject positions from which we speak are shaped by the ‘logic’ of the discourses in which we are enmeshed. If logics are understood to ‘frame’ the way in which we think, speak and act and inform the material practices and symbolic language of institutions, then connections to post-structuralism also represents an important future source of development for connecting institutional theory and critical theory. Given the dominance – some would say hegemony – of institutional theory in the organization sciences, such developments would be a welcome shift towards a more critical perspective that engages with issues of power, ideology and inequality.

Reviewed books


References


