The New Institutionalism
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Definition

Nearly three decades ago, the first neo-institutional arguments were formulated by John

Meyer and colleagues such as Brian Rowan in 1977 and Richard Scott in 1983, and by

Lynne Zucker in 1977. This new orientation proposed that formal organizational

structure reflected not only technical demands and resource dependencies, but was also

shaped by institutional forces, including rational myths, knowledge legitimated through

the educational system and by the professions, public opinion, and the law. The core idea

that organizations are deeply embedded in social and political environments suggested

that organizational practices and structures are often either reflections of or responses to

rules, beliefs, and conventions built into the wider environment.

Conceptual Overview

This early work set in motion a line of research that continues to be active and vital,

attracting a growing number of organizational researchers worldwide. The initial

arguments emphasized the salience of symbolic systems, cultural scripts, and mental

models in shaping institutional effects, but were somewhat vague with respect to the

mechanisms by which culture and history cemented the social order and constrained

organizational choices. Early accounts identified institutional effects as concerned

principally with social stability, drawing attention to reproductive processes that function

as stable patterns for sequences of activities that were routinely enacted (Jepperson,

1991:144-145). Institutionalization was defined in terms of the processes by which such

patterns achieve normative and cognitive fixity, and become taken for granted (Meyer, Boli, and Thomas, 1987:13).

Subsequent contributions addressed the mechanisms that buttressed institutionalization. DiMaggio and Powell in 1983 highlighted coercive, normative, and mimetic processes of reproduction. Coercive factors involved political pressures and the force of the state, providing regulatory oversight and control; normative factors stemmed from the potent influence of the professions and the role of education; and mimetic forces drew on habitual, taken-for-granted responses to circumstances of uncertainty. (In retrospect, they omitted evangelizing efforts, where institutional entrepreneurs champion the adoption or influence of specific practices.) Scott, in 2001, further developed three 'pillars' of the institutional order: regulative, normative, and cultural/cognitive. Regulative elements emphasize rule setting and sanctioning, normative elements contain an evaluative and obligatory dimension, while cultural/cognitive factors involve shared conceptions and frames through which meaning is understood. Each of Scott's pillars offered a different rationale for legitimacy, either by virtue of being legally sanctioned, morally authorized, or culturally supported. These two key treatments of institutional mechanisms underscored that it is critical to distinguish whether an organization complies out of expedience, from a moral obligation, or because its members cannot conceive of alternative ways of acting.

To be sure, organizations and organizational fields are shaped by different combinations of these elements, varying among one another as well as over time. A key analytical task for institutional analysis is to ascertain which factors are important in particular contexts and the extent to which the mechanisms work to reinforce the

prevailing social order or undercut one another. In the latter case, cross-cutting

institutional pressures are often the circumstances around which profound organizational

change can occur, as Friedland and Alford argued in 1991. Organizations are comprised

of diverse institutional elements, some rule-like, others normative, others borrowed from

standards setters. These various features can be at odds with one another, can be nested

within one another, or apply differentially to different members of a field. One early

research finding by Meyer and Scott in1983 was that when organizational environments

contained multiple institutional influences, organizations developed more internal

administrative capacity, and the members of a field were much more differentiated.

The level of analysis in institutional research is the organizational field or societal

sector. DiMaggio and Powell, in 1983 and 1991, drew on Bourdieu's conception of a

field, elaborated by Bourdieu and Wacquant in 1992, emphasizing both the relational and

cultural aspects of membership. An organizational field is a community of disparate

organizations, including producers, consumers, overseers, and advisors, that engage in

common activities, subject to similar reputational and regulatory pressures. To this view,

in 1999 Hoffman added that that fields should be seen as contested centres of debate,

where competing interests negotiate the interpretation of what they each consider as key

issues. The process by which a field comes to be organized consists of four stages:

1.) an increase in the amount of interaction among organizations within a field;

2.) the emergence of well-defined patterns of hierarchy and coalition;

3.) an upsurge in the information load with which the members of a field must

contend;

4.) the development of mutual awareness among participants that they are involved in a common enterprise.

Limitations and Extensions

Much of the initial research on institutions treated them as constraints on organizational behavior. The predominant view was that institutional effects obliged organizations to conform to the expectations of the fields in which they were members. Such a view of institutions as sticky is commonplace, as Clemens and Cook noted in 1999. Nevertheless, the idea that homogenizing pressures exerted similar influences throughout an organizational field was questioned by many. Debates also ensued over the sources of institutional pressures, most notably: Where do rational myths come from? How do practices travel and circulate? What are the primary sources of legitimacy?

Subsequent research focused on the extent to which organizational fields were fragmented, contained multiple institutional influences, and were thus subject to ambiguous requirements. Most notably, a productive line of work developed on government regulation of the work place. Rather than seeing the state as potent, imposing common practices across organizations, research by Edelman in 1992, Dobbin and Sutton in 1998, and Edelman et al in 1999, demonstrated that regulation and legal mandates were as much an endogenous force as an exogenous constraint. Rather than thinking of organizations in the field as subject to a common set of pressures and acting in a relatively homogeneous fashion, these scholars noted the complexities and variety of organizational responses to the law as well as the extent to which professionals inside organizations helped construct the law and created the regulations that shaped 'best'

practice in the field of employment regulation and workplace rights. This attention to internal influences and the heterogeneity of responses increased concern with the role of agency in institutionalization. It also heightened recognition that institutionalization is a political process, and the success of the process and the form it takes depends on the relative power of the actors who strive to steer it, as DiMaggio argued in 1988.

This new attention to institutional change sparked fertile research, addressing how changes in rules, normative systems, and cognitive beliefs reshape organizational fields. For example, in 1990 Scott and colleagues documented how federal regulatory changes and the differentiation of medical specialties had the unintended effect of eroding the sovereignty of physicians, changing the field of medicine profoundly. The resulting transformation is captured best by the contrast between an older model of doctor and patient and the newer health care provider-consumer relationship. In work on the circulation of management practices, Sahlin-Andersson and Engwall in 2002 focused on the role of such diverse carriers as consultants, standards setters, and the business media in transporting ideas to different settings, where they are selectively edited or translated, prompting institutional change.

Critical Commentary and Future Directions

Researchers have begun to explore ways to directly measure legitimacy, using organizational records to capture the forms of meaning that underlie key organizational processes. Ventresca and Mohr in 2002 championed archival research that permitted assessment of organizational documents to account for changes in meaning and the transformation of organizational practices and identities. For example, drawing on

organizational records at four key time periods, Mohr and Guerra-Pearson in 2007 analyzed how charitable organizations developed vocabularies that both interpreted social problems as well as staked claims to solving those maladies. They demonstrate how social work bureaucracies won out in a battle with settlement houses to become the dominant force in social welfare services in the early 20th century. In an analysis of the decline of classic French cuisine and the growth of nouvelle cuisine, Rao, Monin and Durand in 2003 linked changes in cooking to broader social transformations, using texts and interviews to chart the redefinition of French cuisine. Suddaby and Greenwood in 2005 analyzed rhetoric at public commission hearings over the appropriateness of combining the accounting and legal professions into a multi-professional organization, capturing the heated contest between competing professional logics. Colyvas and Powell in 2006 used correspondence and archives to trace the changing meanings and organizational practices associated with technology transfer at Stanford University and the emergence of entrepreneurial science, explaining the larger remaking of the boundaries of public and private science.

The signature of the new institutionalism has been a focus at the field level, based on the insight that organizations operate amidst both competitive and cooperative exchanges with other organizations. This attention to the structure of relations and the formulation of logics within a field has opened the door to studying the emergence of competing mind sets and logics, as well as an understanding of how contention develops within a field, as Scott et al demonstrated in 2000. The latter focus has led some institutionalists to join forces with political sociologists and social movement analysts, such as Davis et al in 2005. While several early statements, such as DiMaggio in 1988

and Powell in 1991, noted the limitations of institutional arguments with respect to assuming that ideas and practices diffused seamlessly and without contestation, recent work - - notably Schneiberg and Soule in 2005, has emphasized how political opportunities and cultural frames shape the diffusion process, and that social movements are critical to the acceptance of ideas.

Another strand of research, illustrated by Drori et al in 2006, has pursued the development and diffusion of new modes of governance - - rules and regulations and the processes that sustain and reproduce them - - at the transnational level. Research on the world polity stresses that organizational fields stretch across national borders, and while some note that global associational activity generates common standards and evaluative metrics, others such as Djelic and Sahlin-Andersson in 2006 emphasize complex coalition formation and multi-directional influences and conflicts,.

Another welcome development has been ongoing conversations with other approaches to institutional analysis, most notably historical and political institutionalism but also with work by economic historians as well. For example, work in the varieties of capitalism tradition, such as that of Streeck and Thelen from 2005, analyzes the evolution of and change in employment regimes in industrial democracies, with the aim of explaining both continuities and breakpoints. Their focus on 'critical junctures' as moments of institutional change has parallels with work on the contested, multi-level aspects of diffusion processes. Pierson's 2004 re-assessment of path dependent arguments and his analysis of sources of positive feedback in the political sphere are particularly salient to questions regarding the sources of institutional origins and change. And Greif's 2006 study of medieval trade in the Mediterranean advances arguments

about the endogenous nature of beliefs, norms, and law that are consonant with recent organizational research on legitimation processes by Colyvas and Powell in 2006.

Consequently, the current attention to: 1.) forces that account for institutional heterogeneity as well as homogeneity; 2.) direct measurement of institutional effects; and 3.) competing, multi-level, nested processes within fields and across nations, bodes well for the robustness of institutional analysis.

See also:

Institutional Analysis
Institutional Isomorphism
Institutional Legitimacy
Institutional Theory
Metaphor and Organization
Neo-institutional Theory
Organizational Field
Sociological Approach

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