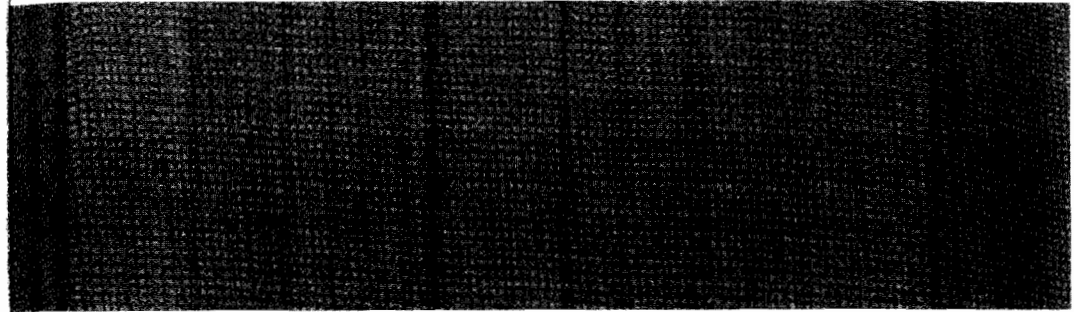


The SAGE  
Handbook of

# Organizational Research Methods



Edited by  
David A. Buchanan  
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 SAGE

Los Angeles | London | New Delhi  
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# The Deinstitutionalization of Institutional Theory? Exploring Divergent Agendas in Institutional Research

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## INTRODUCTION

The growth of institutional research within organizational studies has been nothing short of remarkable. The institutional perspective has come to dominate submissions to the Organization and Management Theory Division of the Academy of Management Annual Meetings (Thompson, 2004; Davis, 2005), and occupies an increasingly large space in leading academic journals. As Tolbert and Zucker (1996) suggested in their review over a decade ago, institutional theory seems on its way to becoming institutionalized itself within organizational studies. The core argument of this chapter is that the increase in institutional theory's prominence has been due to its theoretical and methodological malleability. Whereas early theoretical statements in neoinstitutionalism emphasized stability, homogeneity, and constraint, more recent work celebrates the polar opposite: change,

diversity, and strategic action. This has allowed for a far greater range of empirical phenomena to be addressed under the 'institutional' rubric. We find, moreover, that the expansion of institutional research is associated with a corresponding rise in the use of qualitative empirical methods. We suggest that, together, these theoretical and methodological trends may in fact signal a coming *deinstitutionalization* of institutional theory.

There is little doubt that institutional theory has increased in popularity since the core theoretical statements of the 1970s and 1980s. As Figure 10.1 shows, the percentage of articles dealing with some element of institutions has risen steadily in leading organizational-studies journals, from about 4% in the period 1980–1984 to almost 14% by 2007 (see Appendix for search details). While this search of only article titles and abstracts does not capture the full volume

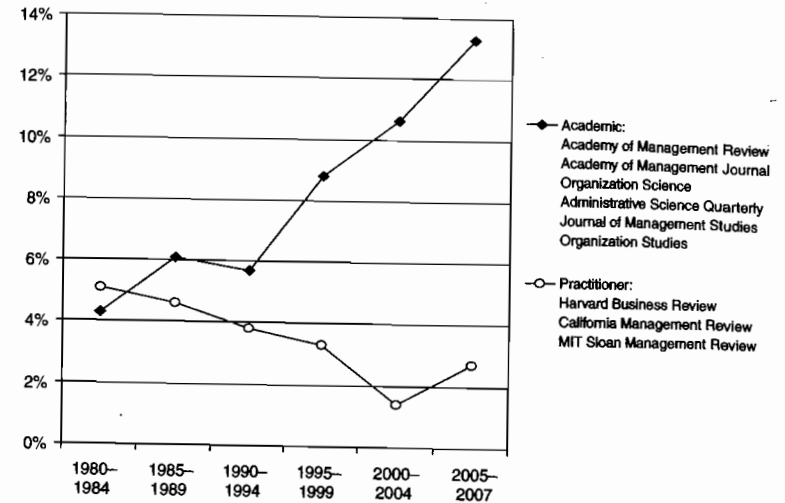


Figure 10.1 Percent of academic and practitioner papers discussing institutions and/or institutional theory

of institutional scholarship, it reflects a clear trend in the growth of institutional theory within the organizational-studies community. In additional analysis not shown, we also found an expansion of institutional articles in specialized journals within management information systems (MIS) and international business (IB), which suggests that the institutional perspective has spilled into adjacent areas from its core organizational-theory base.

A secondary goal of this chapter is to explore the influence of institutional theory on management practice. To our surprise, we found no evidence that institutional theory's increased prominence within the academic community has had any corresponding effect on its prevalence within the practitioner literature. In fact, Figure 10.1 shows a declining interest in the perspective within practitioner-oriented publications and suggests that institutional theory currently has little relevance for practitioners. Moreover, our review of those few practitioner papers that make use of institutional theory and its concepts shows that an overwhelming majority of them explore intraorganizational processes, which contrasts with the interorganizational focus of most institutional articles within the academic

literature. More troubling is that many of the articles within practitioner journals identified by our search made only loose and superficial use of institutional theory. This suggests a major 'disconnect' between academic and practical use of the perspective.

Before examining the practitioner literature in more detail, we first turn our attention to the increasing prominence of the institutional perspective within academic journals. What explains the growth shown in Figure 10.1, and what are its implications? In their review, Tolbert and Zucker (1996) noted this upswing in popularity and worried about the lack of consensus regarding variables, measures, and types of analysis within institutional research. In this chapter, we argue that the continued growth of the institutional perspective within organization theory has resulted not from empirical success but rather from an expansion in the range of phenomena that institutional researchers have sought to address and from a broader spectrum of methods that are now being used in institutional research. Indeed, one of the characteristics of institutional research is its sweeping breadth. This expansion comes with a risk of fragmentation, however, to an

extent that endangers the very essence of the perspective. As we discuss in the following section, the perspective now displays even more clearly the fragmentation that concerned Tolbert and Zucker a decade ago.

To appreciate the expansion of institutional theory, it is first necessary to provide some ordering of the vast body of institutional work. There are multiple ways of doing this. Scott's (1995) well-known approach segments institutional research according to the bases, or 'pillars,' of institutionalization (see also Suchman, 1995). Tolbert and Zucker (1996), meanwhile, distinguish between works that treat institutionalization as an outcome versus as a process. Others take a temporal approach and discuss the similarities and differences between older and newer institutional work (DiMaggio and Powell, 1991; Hirsch and Lounsbury, 1997). In their recent review, Schneiberg and Clemens (2006) focus on the array of methodological approaches within the institutional perspective and classify these according to the level of analysis studied. Suddaby and Greenwood (Chapter 11, this volume) also focus on differences in methodological approach and classify extant work according to one of four ontologies.

While all of these lenses provide a fruitful way of ordering the institutional literature, they do not fully expose the breadth of the perspective and its theoretical evolution over the past decade. In the next section, we outline core differences in what studies labeled 'institutional' seek to explain, with reference to exemplars. In doing so, we show how works under the 'institutional tent' may in fact have very little in common. Our objective is not to critique any one approach, but rather to highlight the high level of fragmentation within institutional research and some of the risks inherent in this. We then discuss how this theoretical evolution relates to methodological trends, and seek to connect the scope of the questions posed by institutionalist research with the scope of methodological approaches used to address them. Following this, we discuss further the status of institutional theory within

the practitioner literature. We conclude by suggesting that the trends we outline in theoretical emphasis, methodology usage, and practical application signal the potential for the deinstitutionalization of institutional theory and provide some suggestions on how this risk can be mitigated.

### ***The evolution of divergent agendas within institutional research***

The stream of research known as 'neoinstitutionalism' was spurred by two landmark works: Meyer and Rowan's (1977) theory of formal organizational structure, and DiMaggio and Powell's (1983) theory of organizational homogeneity. These papers were very explicit in their theoretical agenda: they challenged the then-dominant view that organizational structure is driven by technical imperatives, and instead argued that organizational structures and practices are explained by the need for legitimacy rather than efficiency. These papers sought to explain organizational stability and similarity, and gave a very limited role to strategic action. Both sets of authors were little concerned with organizational performance, beyond survival. And, as sociologists, they had little interest in the actual practice of management; instead, their interest was with field-level, rather than organizational, processes and outcomes.

Spawned by these two works, the institutional approach blossomed into a fertile, although still small, stream of literature through the 1980s and early 1990s. Neoinstitutional theory at that time had become largely associated with the idea of explaining similarity among organizations as driven by social and cognitive forces. Facilitated by the availability of historical records and registries of different types of organizations, research on formal organizational structure proliferated. The focus on observable elements of organizational structure (as opposed to more difficult-to-observe organizational actions and behavioral patterns) permitted neoinstitutional researchers to document patterns of adoption

and the diffusion of various organizational forms.

With the explosion of research through the 1990s self-classifying itself under the term 'institutional', however, came a series of departures from the theoretical agenda of Meyer and Rowan (1977) and DiMaggio and Powell (1983). We discuss here three major shifts in emphasis: from stability to change, from isomorphism to diversity, and from constraint to action.

### ***Stability versus change***

As noted above, a core objective of institutional research has been to explain the emergence of stability, either within or between organizations. Indeed, this is the core meaning of the term 'institutionalization.' Highly stable, or institutionalized, structural arrangements are those that are perceived as objective, exterior facets of social life and have become taken for granted (Berger and Luckmann, 1966; Tolbert and Zucker, 1996). Stability stems from the legitimacy imperative, or the fact that organizations often choose to perpetuate institutional activities in anticipation of acquiring or sustaining social approval (DiMaggio and Powell, 1983; Oliver, 1992). In Scott's (1995) typology, stability can rest on any of three foundations: *regulative*, which includes the laws and administrative guidelines that constitute the basic rules governing relationships within and between organizations; *normative*, or 'expert' beliefs and value judgments; and *cognitive*, meaning shared perceptions of social life. In their seminal paper, Meyer and Rowan (1977) argued that change in highly institutionalized structures can occur only through coercion, such as that mandated by the state or prominent organizations.

Considerable institutional research has studied how stability comes about, or how organizational fields take shape and stabilize. For example, DiMaggio (1991) studied how art museums became widespread and accepted, and identified the importance of the creation of a common body of knowledge, the formation of professional associations, and the consolidation of a professional elite.

Rao (1994) studied the emergence of the automobile industry and highlighted the role of certification contests in legitimating the new field. Rao (1998) also showed how nonprofit consumer watchdog organizations emerged as a stable, recognized organizational form once a 'truce' developed between competing forms. In their study of the emergence of electric power organizations, Granovetter and McGuire (1998) highlighted the importance of industry associations in defining and stabilizing the boundaries of new sectors of activity. These studies are consistent with early work by Zucker (1977), who used a lab experiment to show that stability is rooted in shared cognitive understandings (see also Tolbert and Zucker [1996], who build on this view of institutionalization). In sum, the research agenda of many institutionalist studies through the 1980s and 1990s was to explain how structures and patterns of behavior became stable, persistent features of the social environment.

Recently, however, an increasing number of institutional studies have sought to explain the exact opposite phenomenon: how stable structures and patterns of behavior change or are discarded. In a paper that precipitated this shift in institutionalists' attention, Oliver (1992) argued that such 'deinstitutionalization' can be triggered by political, functional, or social forces. Hoffman (1999: 351) criticized extant institutional work for having 'only stability and inertia as its central defining characteristics,' and showed how organizational fields (in this case the US chemical industry) changed as a result of disruptive events. Several recent studies have examined change in long stable structures and practices. For instance, Scott, Ruef, Mendel, and Caronna (2000) described how the American healthcare system underwent a transformation from professional dominance to legislative dominance (in the mid 1960s), and then to managerial control and market dominance (in the mid 1980s). Ahmadjian and Robinson (2001) showed how poor performance triggered the abandonment of permanent-employment guarantees by Japanese firms. Greenwood, Suddaby, and

Hinings (2002) chronicled how changes in client expectations led to change in the organizational form of accounting firms in Alberta, Canada. Sine and David (2003) described how functional pressures stemming from the oil crisis led to the erosion of the long-dominant regional monopoly form of electric utility in the United States.

This shift—from studying stability to studying change—is not simply a movement along a continuum. It reflects a fundamental difference in what researchers consider important and interesting, and ultimately what research agenda they wish to pursue and what empirical settings they choose to study. Whereas an emphasis on homogeneity and stability was an attempt to show that the quest for technical efficiency does not drive formal structure and behavior (organizations facing different technical imperatives might well adopt the same structures and behaviors), an emphasis on change, that organizations can and do change (e.g., abandon institutionalized structures) when faced with pressures to do so.

#### *Similarity versus diversity*

In their seminal article, DiMaggio and Powell (1983) wondered why organizations in the same field are so similar. These authors posited that, as organizational fields evolve, three forces promote similarity among constituent organizations. First are coercive forces, or informal and formal pressures imposed on organizations by institutions (such as the state) on which they rely for resources and legitimacy. Organizations often adopt a new practice as a legitimate feature of a field if prominent players endorse or require that practice. Second are mimetic forces, or pressures that drive organizations to mimic the actions of peers that are perceived as legitimate and successful. Under conditions of uncertainty, 'organizations tend to model themselves after similar organizations in their field that they perceive to be more legitimate or successful' (DiMaggio and Powell, 1983: 152). Third are normative forces, which arise from rules and norms (such as those found in professions) that define goals and

designate appropriate means to pursue them. Principally, professionalism, in the form of formal education and the growth and elaboration of professional networks, can promote the diffusion of organizational structures and practices through organizational fields.

This theorizing sparked a great deal of empirical research on how organizations become more similar. In their pioneering study, Tolbert and Zucker (1983) found that structures mandated by the state diffused more rapidly through municipalities than structures not so mandated. Meyer, Scott, Strang, and Creighton (1988) showed how public schools in the United States became increasingly similar from 1940 to 1980 as a result of professional standardization and legislative developments. Galaskiewicz and Wasserman (1989) examined the charitable contributions of 75 firms and found that these firms mimic firms in their peer networks when selecting the recipients of their donations. D'Aunno, Sutton, and Price (1991) revealed that isomorphism of drug abuse treatment centers with the broader mental health sector (e.g., use of standardized mental health practices) increased their likelihood of resource acquisition. Han (1994: 637) found that 'a dynamic of imitation' led firms to select similar auditing firms. Corporations were more likely to adopt the multidivisional form when others in their industry had done so (Fligstein, 1985); savings and loans were more likely to expand into new service areas when large and profitable firms were active there (Haveman, 1993); and hospitals were more likely to adopt standardized (as opposed to customized) total quality management (TQM) programs as TQM adoption increased (Westphal, Gulati, and Shortell, 1997). In short, there is considerable evidence that organizations within fields become more similar over time.

More recently, however, researchers have shifted their attention from similarity to diversity within fields. Lounsbury (2001) showed how variation in college and university recycling programs was driven by a national social movement organization that promoted these recycling programs.

Sine, Haveman, and Tolbert (2005) found that regulative and cognitive institutions increased rather than decreased the diversity of organizational foundings in the US electric power sector. In their study of the American pharmaceutical industry from 1800 to 2004, Goodrick and Reay (2005) found that the field moved from a situation where a single, market logic (consumer choice) overwhelmed professional (specialized knowledge) and organizational (efficiency) logics, to one where a constellation of market, professional, and organizational logics coexist. Similarly, Ierfino (2006) described how multiple logics (and associated practices) coexist within the Canadian wine industry. And most recently, Marquis and Lounsbury (2007) showed how efforts to introduce a widespread, unified logic in the field of banking triggered foundings of new organizational forms that preserved diversity within the field.

This change in emphasis is striking. Institutions, according to DiMaggio and Powell (1983) and Meyer and Rowan (1977), are drivers of *similarity*, and considerable support for this core tenet has been found. However, recent research suggests something quite different: the institutional environment can be a source of *diversity* rather than isomorphism. In other words, recent research focuses on how institutional environments are capable of sustaining diversity among organizations. What, then, is institutional theory's answer to DiMaggio and Powell's question of 'why are organizations so similar?'

#### *Constraint versus action*

A core premise of neoinstitutionalism is that institutions constrain action. Institutions are said to confront the individual as social facts: 'by the very fact of their existence, [institutions] control human conduct by setting up predefined patterns of conduct, which channel it in one direction as against the many other directions that would be theoretically possible' (Berger and Luckmann, 1966: 55). In their paper, Meyer and Rowan (1977: 340) described the institutional environment as comprising 'powerful institutional rules which function as highly rationalized myths

that are binding on particular organizations.' Zucker's (1977) lab experiment provided a striking example of conformity in the face of institutional pressures. She showed that actors tended to provide conformist evaluations of 'light transmission' when placed in a highly institutionalized context (i.e., one characterized by organizational or authoritative conditions). In a field study, Ritti and Silver (1986: 34) described the development of an institutionalized pattern of exchange between a state utility commission and consumer advocate bureau whereby the parties followed established 'rituals' in order to obtain outcomes they saw as 'safe and predictable.' Tolbert (1985) showed how the structural differentiation of colleges and universities was constrained by institutionalized patterns of dependence. Baron, Dobbin, and Jennings (1986) showed how government agencies, unions, and personnel professionals constrained organizational-level variation in personnel practices. The implication of these studies for the scope of action—individual or organizational—is clear: actors are highly constrained, and must conform to institutional demands or face deleterious outcomes.

The notion of institutions as constraints on action has slowly eroded within the institutional literature, however. Whereas DiMaggio noted the neglect of action within neoinstitutionalism in 1988, Oliver (1991) provided a theoretical framework with which to view strategic responses to institutional pressures. She argued that organizations could do more than simply acquiesce to institutional demands, but could also defy, avoid, and manipulate them. More recently, Lawrence (1999) outlined a theory of 'institutional strategy,' or pattern of action for managing the institutional environment. Principally, these include defining standards and rules of membership within a field. And Bitektine (2008) showed how incumbent organizational populations could strategically manipulate social norms to create entry barriers against new entrants with a different organizational form.

Considerable empirical work has investigated these ideas, especially the importance

of rhetorical skill in countering institutional pressures and altering institutional environments. A study of attempts to repair legitimacy after a public relations crisis in the cattle-ranching industry demonstrated the efficacy of verbal accounts (Elsbach, 1994). Similarly, skillful framing by actors in the Canadian accounting field facilitated the broadening of accounting firms' professional scope (Greenwood, Suddaby, and Hinings, 2002). Social and political skills allowed Sun Microsystems to institute standards associated with its Java technology (Garud, Jain, and Kumaraswamy, 2002). Actors in the HIV/AIDS-treatment field framed new practices of consultation and information exchange among community organizations and pharmaceutical companies in ways that integrated the interests of many different stakeholders and that were consistent with existing routines (Maguire, Hardy, and Lawrence, 2004). And entrepreneurs in the nascent independent power sector convinced regulatory authorities to establish a certification system that raised the confidence constituents had in their organizations (Sine, David, and Mitsuhashi, 2007).

In other words, institutional research now attends to (a) the availability of conflicting institutional norms that offer actors a choice of different legitimating accounts, and (b) the possibility of intentional, self-interested behavior on the part of actors that choose to deviate from institutional norms. Actors are no longer simply bound by institutional rules, but can modify and even create them. This fundamental shift represents a marked departure from earlier conceptions, which left little scope for purposive action (DiMaggio and Powell, 1991). It also entails an expansion in levels of analysis: whereas organizational and interorganizational levels were the focus of early work, individuals are now also the subject of inquiry.

### **Coevolution of theoretical and methodological shifts**

In this section, we argue that the changes in theoretical agendas discussed in the

preceding section have been accompanied by important trends in empirical methodology. As has been observed in the natural sciences (Kuhn, 1970), the evolution of research in the social sciences can be regarded as a path-dependent process. This process often follows a path of least resistance, rather than unfolding along a straight line of a clearly defined research agenda that was established early on in seminal papers that brought a particular theory or research stream into existence. In such 'opportunistic' evolution, the research questions within a given theory that can be explored using readily available, legitimate analytic methods get addressed first, generating relatively high returns to researchers in terms of publication acceptance. At the same time, other, equally important, questions, that require greater resource investments, deployment of less legitimate research methods, or development of novel (and, therefore, 'risky') methodological approaches often get addressed much later or sometimes remain unaddressed in empirical research for decades, until a major change in research paradigm (Kuhn, 1970) legitimates new methodologies or draws the attention of researchers to other questions and theories. In other words, theory and methods constantly interact with each other, affecting researchers' choices of research questions and methods in a way that cannot be explained by theoretical or methodological considerations alone.

Whereas the 'old' institutionalism of Selznick (1949) and Gouldner (1954) attended to agency and relied on qualitative methods, as did the 'Scandinavian School' of institutionalism (e.g., see Scott and Christensen, 1995), leading organization-theory journals had a decidedly quantitative focus in the 1980s. This facilitated the study of structural stability and similarity, which could be accomplished through data collection on the total number of organizations that share a particular structural feature over time. However, a study of the often-chaotic processes of change, especially with a focus on agency, could not rely to the same extent on quantification of organizational

features. For instance, since entrepreneurial action aimed at changing prevailing social norms is much more difficult to observe and quantify than structural homogeneity in an organizational field, most recent research on institutional entrepreneurship has relied on richer, qualitative research methodologies requiring extensive fieldwork. Thus, while the recognition of the ability of individual actors to effect changes in their institutional environment had been addressed at the theoretical level in the 1960s (Berger and Luckmann, 1966; Stinchcombe, 1965), consideration of agency within institutional theory accelerated only in the mid-1990s which coincided with the time when qualitative empirical research methods gained greater legitimacy and became more popular within organizational theory.

In this respect, the evolution of institutional theory over the last two decades can be seen as an instance of coevolution of theoretical agendas and empirical methods: developments at the theoretical level were facilitated by the dissemination and growing legitimacy of qualitative research methods in organizational studies, and *vice versa*. While the theoretical shifts have been discussed above, the methodological side of this coevolution can be seen in Figure 10.2, which tracks the prevalence of qualitative research methods in organizational studies based on content analysis of citations and abstracts of six leading academic journals in organizational theory. As with the search presented in Figure 10.1, the data were retrieved in five-year periods starting from 1980. The counts obtained using this methodology were then divided by the universe of papers published in the six journals in a given five-year period, which produced a percent share of papers mentioning qualitative methods in the citation or abstract.

The figure shows that the presence of organizational-theory papers that use or discuss qualitative research methods has almost doubled since the 1980s: it has grown from about 5% in the early 1990s to almost 10% in 2005–2007. At the same time, the adoption

of qualitative research methods in institutional theory was lagging behind the broader trend in the 1980s, caught up with the rest of the field through the 1990s, and surpassed the average to reach 14% in 2005–2007.

Thus, the decade following the publication of the influential paper on institutional entrepreneurship by DiMaggio (1988), which called for institutional research on agency and change, was characterized by the increasing use of qualitative methods in institutional research and in organizational studies as a whole. The greater popularity of qualitative approaches, we argue, stimulated research on difficult-to-quantify aspects of the institutional environment and permitted researchers to address questions that could not be explored using statistical methods and operationalizations. For example, qualitative field studies by Greenwood et al. (2002) and Maguire et al. (2004) could not (in our opinion) have provided the rich insights they did on the complex and multifaceted role of agency in institutional change through quantitative methods. The outcome of this positive feedback loop between theoretical agendas and qualitative research methods produced a strong increase in the number of qualitative studies within institutional theory (see Figure 10.2). At the same time, the increasing use of qualitative methods within institutional research itself contributed to the increasing legitimacy of these methods more generally.

In sum, the kinds of research questions that are explored empirically reflect to a large extent the research methods that are most readily available. If researchers believe quantitative methods to be more legitimate (and thus more likely to lead to publication), they will in the aggregate favor research questions that can best be addressed quantitatively. This could lead to some questions (e.g., about organizational structure) receiving more attention than others (e.g., about power and conflict). In the case of institutional theory, greater methodological pluralism has coevolved with a greater diversity in research questions. This 'methodologically diverse' institutional theory has proven very pliable,



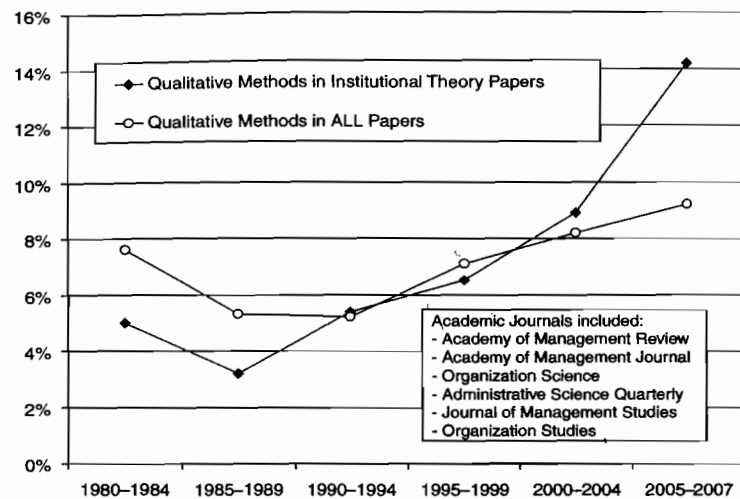


Figure 10.2 Percent of academic papers discussing or using qualitative methods.

especially when seen in comparison to related perspectives such as organizational ecology (see Haveman and David, 2008), which remain loyal to quantitative methods and to operationalizations of organizational processes through 'coarse' measures such as foundings and failures. The result is that institutional theory represents a very large tent that houses a great variety of theoretical agendas and methodological approaches.

### Practical applications of institutional theory

We now turn our attention to how these theoretical and methodological shifts have affected institutional theory's influence on management practice. In its original statement, neoinstitutional theory did not lend itself well to practical application. With an emphasis on stability, homogeneity, and constraint, there was little scope for managerial action and thus little relevance for managers. In their 1991 review, DiMaggio and Powell acknowledge that the emphasis of neoinstitutional work at that time was disciplinary rather than prescriptive. The shifts outlined above, however, to the study of change, diversity,

and agency could be expected to render the institutional perspective more amenable to practical application. Indeed, the notion of 'change agents' seems to be of widespread managerial interest. It is surprising, therefore, that Figure 10.1 fails to confirm an increase in the use of institutional theory within the practitioner literature: if anything, the proportion of articles taking an institutional perspective in leading practitioner journals has declined at the same time as the proportion in leading academic journals has risen. In searching further for the use of institutional theory within practitioner journals, we were struck by how few papers adopt the perspective and by how thinly institutional theory is used by those that do. Before suggesting some reasons for this, we briefly review how institutional theory has been used by those writing for practitioners.

Institutional concepts tend to be used in two main ways within practitioner journals: to understand processes of new practice adoption, and to describe organizational environments. The practitioner-oriented papers in the 1980s and 1990s tended to regard the process of institutionalization as 'formalization' or 'ensuring persistence' of certain practices. For example, Gilad and Gilad (1986) discussed

how the practice of business intelligence (i.e., systematically collecting information on competitors) spread through the business community. Epstein (1987) discussed how to institutionalize corporate social policies such as business ethics, value-based moral reflection, corporate social responsibility, and corporate social responsiveness within an organization. Beer, Eisenstadt, and Spector (1990) used institutional reasoning to discuss how their concept of 'revitalization' can be embedded in formal policies, systems, and structures.

The most prominent theme in practitioner-oriented publications that draw on institutional theory is that of institutionalization of change within organizations. Blumenthal and Haspeslagh (1994) argued that a successful organizational transformation is one in which management has succeeded in institutionalizing behavioral change. Tichy and Ulrich (1984) suggested that such institutionalization of change requires not only that new realities, action, and practices be shared throughout the organization, but also that, at a deeper level, a new culture that fits with the transformed organization be shaped and reinforced. Human resource management tools, such as selection, development, appraisal, and reward systems, play an important role in institutionalizing change according to these authors. The role of formal processes in institutionalization of new practices and operating procedures within companies is of particular importance to practitioner-oriented researchers. Prokesch (1997) described how the top management in British Petroleum used formal processes to 'institutionalize breakthrough thinking' in the organization. Relatedly, Nadler and Tushman (1990) suggested that the responsibility for managing in turbulent environments must initially be institutionalized throughout the management system to ensure success. Using a case study of a large clothing retailer, Roberto and Levesque (2005) uncovered four critical processes that facilitate institutionalization of a strategic change initiative: chartering, learning, mobilizing, and realigning.

In work that both recalls the older, Selznick (1949) tradition as well as anticipates further development of institutional entrepreneurship research, Hamermesh developed a concept of institutional strategy which deals with organizational intangibles and determines 'how a company defines and shapes its basic character and vision, what builds a sense of purpose among employees and creates commitment to the goals and mission of the enterprise' (1986: 116). Hamermesh regards institutional strategy as one of the three levels of strategy, along with business strategy, or 'competitive strategy of a particular business unit', and corporate strategy, or 'decisions affecting what businesses the company will compete in and how it will allocate resources among those businesses' (1986: 116).

Institutional processes at the interorganizational or population/industry level of analysis have received relatively little attention in practitioner-oriented research drawing explicitly on institutional theory. Among notable examples is the work by Guillen (1994) and Carroll and Hannan (2000). Guillen (1994) explored the techno-economic and institutional factors that led to the adoption of three basic models of organizational management in the twentieth century: scientific management, human relations, and structural analysis. The author concludes that 'as paradigms of ideas, management models are adopted in practice only when institutional circumstances conspire with them' (Guillen, 1994: 84) and calls for a balance between techno-economic variables and institutional factors in organizational analysis. Carroll and Hannan (2000) highlighted the practical importance of corporate demography as an academic field and as an important component of corporate policy making. The applications of a corporate-demographic approach, as described in their article, demonstrate the potential value of corporate demography and institutionally informed research for understanding the changing roles of corporations and populations of corporations.

Why has institutional theory had little impact on management practice, and why

has this not increased with the theoretical developments discussed in the preceding section? We point here, speculatively, to three closely related reasons, which continue to apply to institutional theory despite the theoretical and methodological shifts outlined earlier. First, current institutional work seems no more concerned with organizational performance than was previous work. Recent institutional studies of change and agency using a qualitative approach focus no more—and often less—on profit, return on investment, or other standard measures of performance than did earlier studies of structure and homogeneity employing statistical analysis. Second, the motivations of institutional scholars remain predominantly theoretical. In other words, influencing practice is not central to the research agenda of institutional scholars of *any* theoretical or methodological stripe. As a result, the research and writing style of institutional theorists remains largely geared to other academics rather than to practicing managers. Finally, these factors are reflected in the choice of publication outlets that institutionalists choose. Institutional theory retains a strong sociological orientation, and as such studies often appear in sociology journals with little managerial readership. Even the management journals favored by institutional scholars, such as *Administrative Science Quarterly* and *Organization Science*, have little managerial readership compared to other management journals such as *Strategic Management Journal*. Moreover, little effort is made by institutional scholars (as compared, for example, with those in the field of organizational behavior) to translate and publish their work in journals with a practitioner readership such as *Harvard Business Review* or *California Management Review*. As a result, the disjuncture between institutional theory's academic prominence and its practical application is likely to remain wide for at least the near future.

### Discussion

The early emphasis of neoinstitutional theory was on stability, similarity, and constraint.

A very different theoretical focus exists within the institutional literature today, however. Organizational fields are conceived of being diverse and in constant flux, and actors are seen as being able to create and modify institutions according to their interests. These changes in theoretical emphasis have been accompanied by an increase in the diversity of empirical methods. In addition to an increase in the use of qualitative methods (Figure 10.2), there has also been a shift in the means of data collection. Whereas most institutional studies of stability and conformity relied on archival records of organizational structure (e.g., Tolbert and Zucker, 1983; Fligstein, 1985; Han, 1994), recent studies of agency and change typically rely (at least in part) on data collected from field interviews (e.g., Greenwood et al., 2002; Maguire et al., 2004). Both theoretically and methodologically then, institutional theory has proven very flexible, especially when seen in comparison to related perspectives such as organizational ecology (see Haveman and David, 2008). This flexibility, we argue, has contributed to the marked increase in prominence of the institutional perspective (Figure 10.1) within organizational theory. In many ways, this is a triumph and serves as a welcome counterweight to the rationalist perspective that still dominates other areas of management theory.

This increased prominence comes with a potential danger, however. While the flexibility of institutionalism has led to increased breadth of application, it also entails a blurring of the institutionalist agenda. It is less clear today what makes institutional research distinctive, and what its core theoretical message is. If institutional theory is to explain everything—stability, change, structure, action, homogeneity, and diversity—then it risks explaining nothing. What is the core message of the institutionalist approach today? How are we to recognize institutional research, beyond the presence of the label? Because there are no clear answers to these questions, institutional theory risks engendering disillusionment among scholars. We know from research on management

fashion that a sharp upswing in popularity, coupled with increased ambiguity in meaning, is often followed by a sharp decline in usage (Abrahamson, 1996; David and Strang, 2006; Giroux, 2006). Seen in this light, it is quite possible that institutional theory has peaked, and may soon experience a downturn as leading organizational theorists seek to 'stand out from the crowd' and develop more focused approaches (Abrahamson and Fairchild, 1999). At the same time, despite its current prominence among academics, it appears that institutional theory has little impact on management practice. This precludes the fruitful interplay between theory and practice that can prevent perceptions of irrelevance from surrounding a research stream.

As institutionalists ourselves, however, we prefer to maintain a more optimistic outlook for the perspective, and offer the following related prescriptions to avoid the dangers we outlined above. First, we urge greater precision in meaning within institutional research. Core constructs and ideas such as 'organizational field', 'ceremonial conformity', and 'institutional entrepreneurship' are often used loosely and with little precision. As the diversity of theoretical and methodological approaches increases, this laxity risks getting worse. By returning to core theoretical statements and attending more carefully to their use of terms and proposed relationships, empirical researchers—both qualitative and quantitative—can make more focused contributions and build cumulatively on one another's work. Doing so can also prevent the perspective from losing academic coherence.

Second, and related to the need for greater precision, we argue for increased use of experimental research designs within institutional theory. Although this may seem an odd prescription, given the increased diversity of methods observed earlier, we note that only two prominent institutional studies have been lab experiments Zucker (1977) and Elsbach (1994). We call for greater use of experiments, because these can effectively confirm (or disconfirm) cause and effect relationships that are often suggested but

difficult to isolate in contextually-rich field studies. At present, much of the theoretical insight of institutional theory goes untested—we believe laboratory work along the lines of Zucker (1977) and Elsbach (1994) would allow researchers to 'get to the bottom' of many posited relationships. Given that most institutionalists have little training in experimental designs, however, this may necessitate collaboration with colleagues from other disciplines (e.g., psychology).

Third, we call for a loosening of the tight coupling that exists within the institutional literature of quantitative methods with deductive theory testing and qualitative methods with inductive theory building. Most qualitative field studies in institutional theory, we observe, set out to develop new theory. This is valuable, of course, but much of it goes untested in subsequent work, perhaps because of the difficulty in finding or collecting sufficient appropriate data to perform statistical analyses. We argue that, given this situation, qualitative tests of theory can be informative. This approach is not unheard of in management studies: for example, Keil (1995) used a single case study of an IT project in a large computer company to provide a comparative test of three theories of escalating commitment, and Shane (2000) used a series of case studies to test the explanations of entrepreneurial opportunity discovery provided by Austrian economics. While we recognize that such approaches do not provide *statistical* tests of theories, we believe there is considerable value in uncovering even single cases of a theory being confirmed or disconfirmed—especially in a domain such as institutional theory that tends to favor developing new theory to testing its existing theoretical repertoire.

And finally, institutional theorists should attempt to reduce the gap between the perspective's theoretical prominence and its practical relevance. From our discussions with managers of all types, it is clear that institutional theory applies well to many managerial situations; yet, few managers are familiar with institutional research (in contrast, most *are* familiar

with research in organizational behavior). Institutional theorists could certainly become more attentive to the interest of practitioners in intraorganizational processes, such as organizational leadership and decision making. In this respect, research informed by institutional theory and based on research methods used for intraorganizational studies in organizational behavior, may constitute a promising direction for increasing the practical relevance of institutional research. In addition, we believe that institutionalists can do a better job of highlighting to practitioners the relevance of interorganizational institutional processes and organizations' interactions with the superordinate social system. This could involve publishing 'research briefs' or translations in outlets such as the *Academy of Management Perspectives* that are targeted to practicing managers. Doing so would provide a necessary 'reality check' and would reveal the potential of institutional theory to inform practice.

## APPENDIX: SEARCH METHODOLOGY

### Methodology—figure 10.1

The searches were conducted in December, 2007 at McGill University using Proquest ABI/Inform Global using the keyword *institution\** in the title or abstract to identify journal papers that discuss institutions and/or institutional theory ("\*" refers to any subsequent word ending). Searching on titles and abstracts allowed us to retrieve those papers where institutional theory is central to the paper. Of course, many institutional *themes* (such as regulatory and political change) may be present without use of the word institution, but our interest here is in trends, not absolute numbers of articles.

The data were retrieved in five-year periods starting from 1980. By constructing five-year windows, we smooth year-to-year variation to reveal general trends. The search was performed on a set of six leading academic journals in the field of management and on three leading practitioner journals. The

**Table 10.1 Journals used in the analysis**

Academic journals 1980–2007	Practitioner journals 1980–2007
<ul style="list-style-type: none"> <li>• Academy of Management Review</li> <li>• Academy of Management Journal</li> <li>• Organization Science</li> <li>• Administrative Science Quarterly</li> <li>• Journal of Management Studies</li> <li>• Organization Studies</li> </ul>	<ul style="list-style-type: none"> <li>• Harvard Business Review</li> <li>• California Management Review</li> <li>• MIT Sloan Management Review</li> </ul>

'Publication title' text box was used, with the 'OR' operator between the journal titles. The journals are listed in Table 10.1.

The counts obtained using this methodology were then divided by the universe of papers published in these academic and practitioner journals in a given five-year period, which produced a percent share of papers that discuss institutions and/or institutional theory in citation or abstract. The universe of papers published in these journals was estimated for each of the five-year periods by performing a search with the string 'a OR the' in citation or abstract. The use of these two most frequent English words in the search string was necessary to exclude nonarticle journal content: the blank 'Citation and Abstract' textbox in Proquest fetched also tables of contents, acknowledgements, editorial board lists, etc., which were unduly inflating the total counts of papers in journals.

### Methodology—figure 10.2

The searches were conducted in December, 2007 at McGill University on Proquest ABI/Inform Global using the following string to identify the mentions of qualitative methods in journal citations and abstracts: 'qualitative\*' OR 'case study' OR 'field work' OR 'field study'. The same six leading management journals were included:

- Academy of Management Review
- Academy of Management Journal
- Organization Science

- Administrative Science Quarterly
- Journal of Management Studies
- Organization Studies

While Academy of Management Review (AMR) is focused on theoretical papers, rather than empirical research, the journal has published a number of papers on research methods in organizational studies. The mentions of a particular method in AMR signify a certain level of researchers' familiarity with this method and its acceptance in the management research community. For this reason, we believe that the mentions of qualitative methodologies in AMR can also be used as a proxy for the interest in and popularity of these methods.

As with the search presented in Figure 10.1, the data were retrieved in five-year periods starting in 1980. The counts obtained using this methodology were then divided by the universe of papers published in these six journals in a given five-year period, which produced a percent share of papers mentioning qualitative methods in citation or abstract. As before, the universe of papers published in these six journals was estimated by performing a search with the string 'a OR the' in citation or abstract.

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