

1 INTEREST AND AGENCY IN INSTITUTIONAL THEORY

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Institutional theories of organization represent an important break with rational-actor models and a promising strategy for modeling and explaining instances of organizational change that are not driven by processes of interest mobilization. Yet the role of interest and agency in institutional theory remains somewhat obscure. The distinguishing contribution of institutional theory rests in the identification of causal mechanisms leading to organizational change and stability on the basis of preconscious understandings that organizational actors share. Independent of their interests. Nonetheless, such explanations are themselves predicated on the assumption, often implicit, that persons and organizations hold, and act on, universal interests in survival and in the reduction of uncertainty. Moreover, institutional theorists often employ selectively assertions about actor interest on an ad hoc basis; and their writings are frequently laden with "metaphysical pathos" — specifically, a rhetorical defocalization of interest and agency.

It is the modest ambition of this chapter to clarify the role of interest and agency in institutional theory and to describe with some precision the explanatory tasks for which institutional theories of organization are well equipped. It follows from this review that there is much about the processes by which institutions emerge, are reproduced, and erode that cannot be explained without reference to interest and group conflict. The

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chapter's second half briefly sets out a few orienting propositions about the politics of institutions, with a view to integrating an understanding of interest-driven processes into institutional theory's conceptual heartland.

Why Institutional Theory Defocalizes Interest

Human interests are central to almost all theories of organization. Economic theory is, of course, founded on the utilitarian assumption that virtually any social phenomenon can be explained as the result of aggregated individuals optimizing their objective functions. A prominent school of sociologists has also employed utilitarian logic to analyze the behavior of organizations (Laumann, Knoke, and Kim 1985; Burt 1983). Where individual interests are not central to explanation, collective interests usually take their place. Thus, closed-system theories of organization emphasize the divergence of interests among organizational subunits or strata (Cyert and March 1963; Dalton 1959). Similarly, organization/environment theories focus on the strategies that managers use to wrest autonomy from external organizations on which they depend for resources (Pfeffer and Salancik 1978); on the efforts of actors inside and outside organizations to use them as tools to accomplish their own parochial ends (Perrow 1979); or, in neo-Marxist versions, on the play of class interests on the organizational stage (Alford 1975; Wright 1978). In all these traditions, which have little else in common, analytic strategies rest on the assumption that behavior is driven by and understandable in terms of the interests of human actors, either individually or united in classes, organizations, or organizational subunits, striving to attain their ends.

In the face of such social-scientific near unanimity, institutional theory represents a dramatic exception, focusing instead on the taken-for-granted nature of organizational forms and practices, on precisely those aspects of organization that are unaffected by the particular interests of politically conceived actors. It is not that institutional theory denies the reality or importance of goal-directed behavior: As we shall see in the next section, institutional theorists deploy interest in their explanations in a variety of ways. Rather, institutional theory has no explicit or formal theory of the role that interests play in institutionalization and consequently defocalizes, or distracts attention from, the ways in which variation in the strategies and practices of goal-directed actors may be related to variation in organizational structures, practices, and forms.

The pursuit of interest-free models and explanations is justified, and indeed required, by two ubiquitous conditions of organizational life. First, and most important, institutional approaches to organizations have emphasized factors that make actors unlikely to recognize or to act on their

interests. In early iterations, norms were prominent in this respect (Selznick 1948). In more recent work, taken-for-granted assumptions about the nature of organizational reality have largely taken the place of norms.² As long as action is guided by norms or constitutive expectations, variation in actor interests will not play a role in its outcome.

Second, institutional theory has focused on circumstances that cause actors who do recognize and try to act on their interests to be unable to do so effectively. Most prominent in this respect are the limits on cognition and coordination, which make it difficult or impossible for actors to understand the relationship between means and ends.³ March and Cohen's "organized anarchies"—systems in which ambiguous goals, uncertain technologies, and unstable participation render unpredictable the consequences of the actions of even top managers—exemplify this phenomenon (Cohen and March 1974). Similarly, Meyer, Scott, and colleagues suggest that the fragmented centralization of state authority in the United States systematically induces organizational structures that are incapable of purposive coordination (Meyer and Scott 1983). When actors' interests are poorly articulated with the results of their actions, interest-driven behavior requires less theoretical and analytic attention than in settings in which interest and outcome are more tightly coupled.

Thus institutional theory posits a distinct set of determinants of organizational structure and behavior that are relatively independent of and can be modeled with only modest attention to actor self-interest. In this, institutional theory recognizes that the taken-for-granted nature of much of organizational life and the intractability and opacity of organizational systems have been underestimated by utilitarian and conflict theorists, who have assumed that organizations and the people in them are more plastic, calculating, and manipulable than they usually are. By emphasizing norms, expectations, and limits to rationality and by developing predictive hypotheses that do not rely on interest aggregation, institutional theorists provide an important corrective to the prevailing domain assumptions and analytic strategies of contemporary organizational theory.

For What Problems Is Institutional Theory Most Appropriate?

Note, however, that any theory that denies the reality of purposive, interest-driven, and conflictual behavior is limited in the range of problems to which it is applicable. Consequently, it is important to specify with some precision the theory's scope. What kinds of organizational phenomena are most susceptible to institutional explanation, in the sense in which I have used the term here?

① First, institutional theory bears on those aspects of organizational life that are so exteriorized and intersubjective that no actor is likely to question them (Zucker 1977). Age-grading, for example, is accepted by participants in schools and many work organizations, although it may not be in their immediate interests. Similarly, the compelling nature of contractual agreements is widely acknowledged, even by actors who might be better served by breaking them and even in the absence of a credible threat of legal retribution.

② Second, institutional theories may suffice to explain most organizational phenomena in certain kinds of fields—for example, those that are highly institutionalized and have a weak technical base (such as banks but not computer-software designers) or those in which the legitimacy of member organizations is largely based in traditional authority (such as established churches but not scientific research institutes) or those that play too trivial a role in the allocation of resources to attract much political behavior (such as funeral parlors but not long-distance trucking companies) (Meyer, Scott, and Deal 1983).

③ Third, once an organizational form or practice is well on its way to becoming highly institutionalized, institutional arguments suggest the utility of new analytic questions (for example, questions about the determinants of homogeneity or heterogeneity in organizational populations), new hypotheses (for example, that uncertainty or professionalism or certain state structures induce organizational conformity), and new modeling strategies (such as the use of diffusion and threshold models) in addressing the problem of organizational change. In other words, the process of institutionalization is independent of the content that is being institutionalized: Rules, structures, or practices favored by corporate CEOs diffuse according to the same laws as those favored by social reformers once they have reached a threshold level of institutionalization.

Empirical research in this vein has yielded the frequently replicated finding that early adoption of organizational innovations is strongly predicted by technical or political attributes of adopters but that later diffusion is more poorly predicted by technical or political measures.⁴ A closely related stream of work focuses on explaining variation in the extent to which organizations in a population at a given point in time adhere to or deviate from fieldwide structural or behavioral institutional norms. Theory and some evidence suggest that in highly institutionalized organizational fields an organization's conformity to institutionalized structures or norms is best predicted by proximity, both social and geographic, to core organizations and may also be related to the organizational influence of professionals and the amount of uncertainty to which the organization is subject (DiMaggio and Powell 1983; Knoke 1982).

④ Fourth, where the focus of research is on the explanation of long-term change, where change in the institutional order can be documented and measured, and where the distribution of interests and mechanisms by which interests are aggregated can be presumed either to be stable or to vary as a result of change in the institutional order, explanation does not require attention to interest or agency. For example, the institutionalization of expertise in professionally dominated organizational fields causes changes in fieldwide administrative and rulemaking mechanisms that effect local changes in organizational structures and practices. Although professionalization is typically a highly political and conflictual process, once established at the level of the organizational field it is likely to evoke changes in local organizations independent of the interests of local actors. In exemplary work of this type, Scott, Meyer, and colleagues have demonstrated the ways in which the "fragmented centralization" of the U.S. polity is built into the structures of organizations that are regulated by or otherwise dependent on the state (Meyer and Scott 1983).

⑤ Fifth, where the focus of research is on explaining variation among nation states or other units with distinct institutional structures, and where interest distributions and aggregation mechanisms are similar or themselves result from institutional factors, purely institutional arguments may suffice. Perhaps the classic example is Crozier's (1964) argument about the manner in which French corporate bureaucracies reflect historically embedded dilemmas and administrative strategies of the French state, thus differing from bureaucracies in other polities with similar patterns of political interest. More recently, Wallace and Jepperson have argued that cross-national variations in structures of political sentiment represent institutional differences between polities, rather than differences in political interest among the individuals who constitute those polities (Wallace and Jepperson 1986).

The Selective Deployment of Interest in Institutional Explanations

Thus far, I have argued that the unique contribution of institutional theory is in providing explanations of phenomena that do not reflect the behavior of rational actors driven by clearly perceived interests. I have taken an inventory of the kinds of problems that are susceptible to this style of explanation and have described some of the actual work that this approach has spawned.

The picture that emerges from this review is accurate but oversimplified in that I have implied that institutional theorists have developed an explanatory apparatus that is genuinely interest-free. In practice, however, institutional theorists frequently imply or invoke individual and collective

interests in explaining specific organizational and societal phenomena. Two kinds of interest are fundamental to institutional theory, while others have been introduced on an ad hoc basis.

Central to institutional theory is the assumption that humans have a preference for certainty and predictability in organizational life (Zucker 1977; Hannan and Freeman 1984; DiMaggio and Powell 1983). Indeed, Zucker has argued compellingly that the current organizational and economic infrastructure of bureaucracy, much of the expanded state, and a wide range of financial intermediary institutions, emerged in response to a crisis of uncertainty resulting from immigration (and attendant cultural heterogeneity), geographic mobility, and high birth and death rates of firms in the late nineteenth century (Zucker 1986). Individuals' preferences for relatively routinized and predictable environments generate much behavior that tends to create and sustain institutions.

Second, most institutional theorists assume that the interest of organizations in survival lead them to accede to the demands of other actors (usually organizations) on which they depend for resources and legitimacy. Meyer and Scott (1983) explain much about the structure of U.S. public schools as resulting from the decisions of survival-minded system managers who adopt widely understood institutional structures and practices in order to legitimate their organizations. Similarly, "coercive isomorphic processes" represent the straightforward result of managers' efforts to secure their organizations' interests by acceding to the demands of powerful organizations with which they must transact (DiMaggio and Powell 1983).⁵

These two interests — in predictability and in survival — are thus central to, if not always explicit in, institutional arguments. Note, however, that they do not in themselves vitiate the ability of institutional theory to explain phenomena without recourse to notions about actors' pursuit of their interests. Because these interests are regarded as universal and thus invariant, they cannot in themselves explain variation in organizational structure or practice. Rather, their universality represents a domain assumption that anchors institutional arguments meaningfully at the individual level.

In addition, however, institutional theorists often invoke other, non-universal interests in relatively unsystematic ways. Several authors, for example, have attempted to explain why some innovations are more likely to become institutionalized than others and, to that end, have distinguished between technical and institutional bases of organizational structure; between core and peripheral elements of structure; between surface change and organizational transformation; and between changes that do and do not receive support from organized constituencies (Meyer, Scott, and Deal 1983; Hannan and Freeman 1984: 3, 14–16; Zucker 1984:

14–18; Rowan 1982). Implicit in such explanations is the premise that changes that jeopardize entrenched parochial interests are less likely to diffuse widely than are those that jeopardize fewer interests or interests of less powerful actors.

Parochial interests are also invoked to explain specific organizational structures or practices. It is commonly acknowledged, for example, that professionals' collective pursuit of their own interests influences the structure of organizational systems and often induces institutionalization (Scott 1983; DiMaggio and Powell 1983: 150 ff; Galaskiewicz 1985). Similarly, interest groups attempt to harness the power of institutions to meet their own objectives (Meyer and Scott 1983: 199–215). John Meyer (1984; Meyer and Rowan 1983: 30) has emphasized the tendency of individual and collective actors to use institutionalized rules and accounts for their own ends, noting "the creativity of actors in using the ideological and institutional resources available" and "the practical work" of actors "as they manipulate definitions and use available standards of virtue."⁶ DiMaggio and Powell (1983: 126) have noted the importance of elites in making critical interventions that set the course of institutional development. Meyer and Scott (1983: 201) have described the capacity of legitimated actors, especially those linked to the state, to require organizations to respond to their interests. Elsewhere, Meyer (1983: 271) has attributed special influence on institutionalization to "powerful groups, linked culturally with the centers and deriving resources from them." Thus do institutional theorists explicitly acknowledge interests and agency. Nonetheless, most of the passages I have cited or quoted in this paragraph are *obiter dicta*, not the focus of sustained theoretical arguments.

The Metaphysical Pathos of Institutional Theory

Thus, although the core of institutional theory rejects the causal determinacy of interest and agency, nonetheless more conventional images of interest-driven behavior appear in institutional accounts of specific organizational phenomena. The circumstances under which authors depart from the theory's animating vision to appeal to interest represent clues as to the limits of institutional explanation. Unfortunately, however, such clues have rarely been exploited, for allusions to the influence on organizations of actors' self-interested behavior tend to be smuggled into institutional arguments rather than theorized explicitly.

In the introduction to his study of the bureaucratization of a midwestern gypsum mine, Alvin W. Gouldner (1954: 17, 27, 237, 239) suggested that sociological theories of bureaucracy had "been so completely stripped of people that the impression is unintentionally rendered that there are

disembodied forces afoot, able to realize their ambitions apart from human action." Weber, he complained, "seems to have conceived of rules as if they developed and operated without the intervention of interested groups, groups, moreover, which have different degrees of power."⁷

Thus Gouldner viewed the sociology of bureaucracy as crippled, particularly in its analysis of change, by its failure to engage questions of interest and human agency. Without ruling on the merits of Gouldner's empirical claims, I shall suggest that we can benefit by substituting *institutionalization* for *bureaucratization* in the passages that I have summarized and taking seriously the resulting charge. If the focus of institutional theory on norms, taken-for-granted assumptions, and cognitive and coordinative limitations represent substantive reasons for the neglect (relative to other theoretical traditions) of interests, part of this neglect is implicit not in the logic of institutional arguments but in the rhetoric that institutional theorists have used to advance them.

One manifestation of this kind of rhetoric is the use of phrases that are richer in connotative than in denotative meaning. The "iron cage" is one such phrase, with its implicit portrayal of humans as powerless and inert in the face of inexorable social processes (DiMaggio and Powell 1983).⁸ Similar are assertions that institutionalized organizations "take on a life of their own" and that institutions are "infused with value," absent discussion of which meaning, of the many meanings these phrases might bear, the authors intend.⁹ (Presumably, if an organization "takes on a life of its own," one need not attend to individual or group motives to understand its behavior.)

The most widespread rhetorical, as opposed to analytic, dismissals of agency in institutional theory occur in the chronic use of passive constructions and, where nouns are used as the subjects of active verbs, in the selection of subjects so broad of reference as to be substantively empty. Thus we are told that institutional myths "are highly institutionalized and are thus in some measure beyond the discretion of any individual participant or organization"; that some organizations "incorporate societally legitimated rationalized elements in their formal structures"; and that ceremonial rules "arise from different parts of the environment" (Meyer and Rowan 1983: 25, 34, 37).¹⁰

Note how the locutions chosen systematically deemphasize human agency. Institutional myths "are highly institutionalized," and some structural elements of organizations are "societally legitimated." Another approach, which I suggest is not inconsistent with the fundamental intuitions of institutional theory, would be to ask, "Who has institutionalized the myths (and why)?" and "Who has the power to 'legitimate' a structural element?" Do ceremonial rules really arise like mist from the environment, or would an equally faithful (but rhetorically distinct)

rendering of the authors' intentions have been "ceremonial rules represent the competing interests of different external actors"? And how free are actors to pursue their interests in the face of institutions? Would it be equally accurate, as the first passage quoted in the previous paragraph implies, to report that institutionalized myths are "in some measure susceptible to the discretion of any individual participant or organization"?

Even where goal-seeking humans are admitted into institutional arguments, it is often in the most abstract terms: thus "organizational actors" are said to "construct around themselves an environment that constrains their ability to change further in later years," with little attention to the conditions under which different types of "organizational actors" have more or less access to the process of construction (DiMaggio and Powell 1983: 148).

When Must Interest and Agency Be Taken into Account?

It is one thing to identify a streak of metaphysical pathos. It is quite another to demonstrate that such "pathos" impedes the ability of scholars to get on with scientific work. I have already argued that the achievements of institutional theory, within its own terms as an effort to explain organizational phenomena without employing interest-driven models, are substantial and its promise even greater. At the same time, the utility of institutional theory is limited to the analysis of phenomena that are driven by taken-for-granted constitutive understandings or that are so complex that interest-maximizing actors cannot exert effective influence.

What this means is that institutional theory, identified in terms of its distinctive theoretical contribution, cannot by itself provide a complete theory of institutions. To the extent that the "metaphysical pathos" identified in the previous section leads institutional theorists to regard institutional and interest-based explanations as antagonistic, rather than as appropriate to different explanatory tasks, it will interfere with the development of a more comprehensive theoretical apparatus. In other words, without more explicit attention to interest and agency of the kind that institutional rhetoric has thus far obstructed, institutional theorists will be unable to develop predictive and persuasive accounts of the origins, reproduction, and erosion of institutionalized practices and organizational forms.

Consider the following kinds of change, each of which institutional theory is currently poorly equipped to explain:

1. Change in organizational fields that outpaces change in the institutional environment (and that is not simply random "mutation" resulting from inadequate implementation of preexisting models);
2. Change in organizational fields that is orthogonal to the wider institutional order: for example, changes in work organization that have neither been embraced by dominant organizations in the field nor by organizations to which dominant actors are tied;
3. Change in organizations and organizational fields that is sharply contested;
4. Change in organizations or organizational fields resulting from divergent interpretations of institutionalized accounts of organizational missions;
5. Change in organizations and organizational fields that tends to delegitimize the institutional order of the field.

In other words, the theoretical accomplishments of institutional theory are limited in scope to the diffusion and reproduction of successfully institutionalized organizational forms and practices. Institutional theory tells us relatively little about "institutionalization" as an unfinished process (as opposed to an achieved state), about where institutions come from, why some organizational innovations diffuse while others do not, and why innovations vary in their rate and ultimate extent of diffusion. Institutional theory tells us even less about deinstitutionalization: why and how institutionalized forms and practices fall into disuse.

It would be surprising if so young a body of work as the institutional approach should have solved these problems in so short a time. I would suggest, however, that we are unlikely to solve them with our current conceptual apparatus. To progress in this area, it may be necessary to bring interest and agency more centrally onto the institutional stage, to recognize, in Gouldner's (1954: 27, 237) words, that institutions have never "developed and operated without the intervention of interested groups, groups . . . which have different degrees of power" and that the persistence of an institution is often the "outcome of a contest between those who want it and those who do not."

The Structural Politics of Institutionalization

My modest intention in the remainder of this chapter is to set out several general orienting propositions about the role of interest and conflict in the institutionalization and deinstitutionalization processes. The purpose of this discussion is not to develop formal theory but rather to bring into focus a few observations that may suggest the ways in which institutional and interest-based approaches to organizational change are consistent with and capable of enriching one another.

Put simply, the argument of this section is that institutionalization is a product of the political efforts of actors to accomplish their ends and that the success of an institutionalization project and the form that the resulting institution takes depend on the relative power of the actors who support, oppose, or otherwise strive to influence it. I refer to the politics of institutionalization as *structural* because they follow an internal logic of contradiction, such that the success of an institutionalization process creates new sets of legitimated actors who, in the course of pursuing distinct interests, tend to delegitimize and deinstitutionalize aspects of the institutional forms to which they owe their own autonomy and legitimacy. Central to this line of argument is an apparent paradox rooted in the two senses in which the term *institutionalization* is used. Institutionalization as an *outcome* places organizational structures and practices beyond the reach of interest and politics. By contrast, *institutionalization* as a *process* is profoundly political and reflects the relative power of organized interests and the actors who mobilize around them.

In the interest of brevity, I shall lay out the argument as a series of schematic assertions under three headings: institutional reproduction, institutional creation, and deinstitutionalization.¹¹

Institutional Reproduction

Aspects of organizations can be more or less institutionalized—that is, exteriorized and intersubjective—depending on their centrality (that is, the extent to which a change would require alterations of existing arrangements) and their consonance with the way participants and important environmental actors perceive their own interests (Zucker 1984: 9; Hannan and Freeman 1984; Eisenstadt 1968).

Although societywide constitutive understandings (for example, the meaning of a handshake, assumptions about exchange, beliefs about the nature of empirical reality) are often highly institutionalized, most sector-specific institutional understandings about organizational forms, programs, and procedures are relatively unstable. Institutions must be reproduced continuously, and their reproduction is often problematic.

Institutionalized organizational forms are reproduced when actors are willing to do institutional work in order to reproduce them (Hannan and Freeman 1984: 7–8).¹² Institutional work is undertaken by actors with material or ideal interests in the persistence of the institution (which may be distinct from the survival of any particular organization): where such interests are not present and influential, deinstitutionalization is likely.

Institutional work goes on within organizations constantly. An important aspect of institutional work is the socialization of new participants, which is undertaken most conscientiously by members with the greatest

stake in the existing institutional order. Institutional reproduction also occurs when decisions about firing, demotion, and promotion are influenced by organizational participants' apparent allegiance to the institutional order. Dominant actors in organizations are more active in organizational communication, particularly communication aimed at defining situations as routine and setting the premises of other actors (Cyert and March 1963; Powell 1985; DiMaggio and Powell 1983).

The Creation of Institutions

Creating new institutions is expensive and requires high levels of both interest and resources. New institutions arise when organized actors with sufficient resources (*institutional entrepreneurs*) see in them an opportunity to realize interests that they value highly. The creation of new legitimate organizational forms — such as the corporation, savings and loan associations, advertising agencies, universities, hospitals, or art museums — requires an *institutionalization project*.

When new organizational forms are institutionalized, much institutional work goes on outside of core organizations, elsewhere in the organizational field, which itself becomes differentiated through the activities of institutional entrepreneurs (Eisenstadt 1968: 419).¹³ As Meyer and Scott have argued, some institutional understandings — such as those having to do with formal rationality and accountability in modern politics — are so generally held by actors of influence as to represent free resources on which institutional entrepreneurs can draw. But other more specific institutional understandings may depend on resources that are not readily available. For example, the legitimacy of highly institutionalized sectors (such as health, the arts, higher education) usually is premised on assumptions about:

1. *Labor markets*, and the differentiation of expert careers and employment opportunities from those of illegitimate practitioners. If such assumptions are to be plausible, professional labor markets must be established and segmented from the markets for less legitimate forms of labor;
2. *Expertise*, such that the institutionalized form can claim to provide goods or services that are in some way unique or of special value. As Starr (1983) and others have demonstrated in the case of medical practice and hospitals, expertise is often created after, rather than prior to, the enunciation of legitimating claims that elite practitioners possess it;¹⁴

3. *Product differentiation* — that is, widely shared expectations about the special quality of products or services, such that they are different from products or services elsewhere available (for example, that universities can supply different kinds of education than apprenticeships; or that symphony orchestras supply qualitatively different music than outdoor gardens, to provide two examples of claims that were probably incorrect when first stated);

4. *Demand characteristics* — that is, that there are unfulfilled needs to which the new organizational form ministers and that a demand for specialized products or services exists, on the part of potential clients, the wider public, or the state.

In other words, the institutionalization of an organizational form requires institutional work to justify that form's public theory: legitimating accounts that organizational entrepreneurs advance about labor markets, consumer markets, expertise, and distinctive products or services. Unless they are enacted by an organizational system that segments labor markets, evokes consumer (or state) demand, manufactures new areas of expertise and classifies new products and services as qualitatively different from old ones, newly institutionalized forms will be highly unstable in their structures, public theories, and programs.¹⁵

In order to render its public theory plausible, then, an institutionalizing organizational form requires the help of subsidiary actors. The claims of institutional entrepreneurs are supported by existing or newly mobilized actors who stand to gain from the success of the institutionalization project. Subsidiary actors provide legitimacy to the new organizational form by providing resources that render its public accounts of itself plausible. Recruiting or creating an environment that can enact their claims is the central task that institutional entrepreneurs face in carrying out a successful institutionalization project. Institutionalization projects are advanced by core constituencies (institutional entrepreneurs and their backers) and external constituencies, with whom the core constituencies usually must bargain for support.¹⁶

To the extent that an institutionalization project succeeds, subsidiary actors are themselves legitimated and institutionalized, attaining a degree of autonomy relative to the core organizations in their field and becoming what I shall call *subsidiary institutions*. For example, modern university-based medical schools played an essential role in legitimating the public claims of doctors to expertise and hospitals to the provision of expert services. Having done so, they also derived legitimacy of their own and partial autonomy from the hospital system (Starr 1983).

Deinstitutionalization

Under many conditions, the interests of these legitimated, partially autonomous, subsidiary institutions diverge from those of the governors of the core institutional form. To the extent that an institutionalization project legitimates a new profession or professions and that professionals control certain subsidiary institutions but not the core institutions, professionals and their allies may demand delegitimizing changes in or launch delegitimizing attacks on the core institutions. Such dynamics represent contradictions in that an increase in the level of one variable (institutionalization of core institutions) leads to an increase in the level of a second variable (institutionalization and thus autonomy of subsidiary institutions), which in turn causes a decline in the level of the first variable.¹⁷ Such contradictions represent an important factor in many instances of organizational change.

Even when an organizational form becomes institutionalized, its diffusion is rarely complete. Successful institutionalization of a new form at the local level often requires a process of constituency-building and interpretation, replicating the process at the system level.¹⁸ To the extent that the distribution of interests represented in the bargaining process and the bargaining positions of the holders of these interests differ across locales, central institutional forms will be subject to local modifications.¹⁹ Such local modifications represent a pool of potential innovations that may themselves diffuse to organizations throughout the field.

Conclusion

Institutional theory represents one of the most important theoretical currents in modern sociology, precisely because it constitutes an effort to break through the conceptual hegemony of utilitarian, actor-interest models that have dominated the field since the disintegration of Parsonian functionalism. As such, institutional theory captures a significant dimension of social and organizational experience that other theories neglect.

At the same time, our review of the tasks to which institutional theory is and is not equal reminds us that institutional theory does not in itself constitute an adequate account of the origins, reproduction, and disappearance of institutionalized social and organizational forms. For this, institutional theory must come to terms with interest and agency to a greater extent than it has thus far. The first step in developing a fuller understanding of the creation, reproduction, and demise of institutions must be to transcend the theoretical opposition between political and institutional models and to recognize the explanatory tasks to which each kind of model is better suited.

Once institutional and political models are regarded as complementary tools for understanding different aspects of institutional phenomena, rather than as antagonistic world views, the range of problems to which institutional insights are relevant is likely to broaden. Indeed, if institutional theorists can benefit by taking interest and agency more seriously, utilitarian and conflict-oriented theoretical traditions may have even more to gain from the insights of institutional theory.

Note, to mention just one case, the strong parallels between the main themes of institutional theory and discussions of what was once hopelessly called "false consciousness" in the neo-Marxist tradition. Lukes (1974), for example, describes a form of power that renders actors incapable of entertaining action scripts that would advance their interests, due to a preconscious recognition that such actions would be repelled by political or economic elites. Mann (1973) describes a sequence of distinct steps leading to "class consciousness" that includes acquisition by members of dominated groups of the ability to conceive of alternative social arrangements and of the belief that change can be effected through collective action. More recently, such theorists as Bourdieu (1977: esp. ch. 2) and Giddens (1984) have moved further from the notion of false consciousness in their attempts to incorporate an understanding of the taken-for-granted into more general theories of domination. Clearly institutional theory, with its strong social-psychological base and more powerful micro-behavioral models, has much to add to these discussions. By the same token, work in the neo-Marxist tradition, especially if generalized beyond the context of class analysis, may help to explain why some "institutions" appear more binding than others and why and how deinstitutionalization occurs.²⁰

NOTES

1. In the following pages, I generalize about institutional theory with much trepidation because close reading of the work of scholars associated with that tradition reveals so much diversity in outlook and analytic focus as to suggest that what may seem, at a distance, to be a theory is in reality several theories (or, in some cases, approaches to theories) that are not on every point consistent with one another. I persevere, at the risk of being unfair to or misrepresenting the views of specific authors, on the conviction that greater self-consciousness and formalization is necessary for institutional theory to become a meaningful theoretical category, internally cohesive and distinct from other theoretical traditions.
2. See Zucker (1977) for the clearest and most influential statement of this view, which is reflected in all subsequent work on institutionalization.
3. See DiMaggio and Powell (1983). Here, one form of isomorphic pressure, mimetic, is said to result from the automatic incorporation of structural elements of successful organizations, which stems from the inability or unwillingness of organizational decisionmakers to gather sufficient information to evaluate the likely consequences

of different candidates for adoption. See also Zucker (1984), in which most organizational change is described as resulting from the random drift of organizations among entries in menus of routines.

4. See Tolbert and Zucker (1979). Also, on the multidivisional form, Armour and Teece (1978) and Filgstein (1985). On personnel administration see Baron, Dobbin, and Jennings (1986). On the greater susceptibility of new and innovative organizations to environmental selection see Hannan and Freeman (1984) and Zucker (1984). See also Pfeffer (1981).

5. Indeed, such processes represent such a standard form of strategic management that these arguments might seem to fall outside the rubric of institutional theory, insofar as institutional theory emphasizes behavior that is preconscious, taken-for-granted, and not goal-driven.

6. Note the substantive similarity between this view and that advanced via neo-Marxist rhetoric, in Bourdieu (1979).

7. Actually, Weber, who was explicit, albeit neither judgmental nor loquacious, about the purposes that bureaucracy served, was less culpable than many of Gouldner's contemporaries, for whom he presumably served as a proxy target.

8. The problem is not that the propositions advanced, which may be cause enough for gloom among those so predisposed, are incorrect; but rather that the rhetoric of the iron cage prejudices, by implication, important questions about organizational change that the paper does not address.

9. DiMaggio and Powell (1983) is but one of at least half a dozen papers of which this is true.

10. I draw on this seminal paper for illustrations not because it is particularly rife with them but because the paper is an outstanding one that can easily withstand my nit-picking.

11. Because of the abstract nature of the discussion that follows, I should note that these observations are based on my reading of the history of corporations, financial institutions, hospitals, universities, art museums and symphony orchestras, and social service agencies primarily, but not exclusively, in the United States. Consequently, they are probably more germane to the study of institutionalized "sectors" or organizational forms than to the analysis of institutionalized practices that cross-cut organizational sectors.

12. For the related notion of "political work," see Collins (1977).

13. On the differentiation of organization fields, see also Astley and Fombrun (1986).

14. On the importance of professionals in institutionalized organizations, see Scott (1983). Although professional labor can be institutionalized in free-standing professions, as Zucker (1977, 1984) and Hannan and Freeman (1984) have pointed out, the legitimization of professional work is simpler when professionals are routinely affiliated with formal organizations and their claims can rest on an institutionalized base of organizational routines.

15. For an example of an organizational form that was for many years unsuccessful in its institutionalization project, precisely because of its inability to forge links with external actors that could render its public claims consistent or powerful, see Burton Clark's (1960) study of California junior colleges. In recent years, the community college has become better established as institutional entrepreneurs have marketed the ability of community colleges to provide short-term vocational education to lower white-collar employees and students aspiring to technical positions. The successful differentiation of community from four-year colleges has involved the elaboration of

relations between the colleges and local firms; the plausible differentiation of community college teaching careers from academic careers in four-year colleges and universities (that is, the construction of a separate labor market); the identification by the state of vocational training as a need and new form of expertise; and the creation of student demand through a combination of organizational mechanisms internal to the community college; federal pronouncements reflected in the popular press; and, only later, actual change in labor-market conditions (Brint and Karabel forthcoming).

Note that the success of the institutionalization project in the 1960s and 1970s, as compared to the relative failure of the project of the junior colleges described by Clark, did not result from any increase in the availability of generalized legitimating values or public missions to which these organizations could lay claim. Indeed four-year colleges and universities had appealed successfully to such values as scientific and economic progress, military innovation, meritocracy, and equality of opportunity throughout the period Clark discussed. What changed was the availability of resources and interests necessary to create institutional innovations that could render plausible the accounts of the promoters of the vocational community college. Without institutional work, none of these changes except the surplus of educated labor would have occurred. Consequently, an account of the successful institutionalization of the community college must attend to the actors who accomplished this work and to the interests that motivated them.

16. The notion of "institutionalization project" is analogous to Magali Larson's (1977) concept of the "professionalization project."

17. Such patterns are common in the political arena. For example, it appears that the creation of the Environmental Protection Agency (EPA) empowered, legitimated, and to some extent, institutionalized environmental interest groups, which were, in fact, necessary to bolster the claims of EPA staff to providing a service that the public demanded. Once legitimated, however, the environmental groups generated escalating demands for public action that tended to delegitimize the federal agency. Note, of course, that the EPA was never legitimate in the eyes of many large corporations (see Useem 1983), and that it was the political opposition of these corporations and their allies, more than the attacks of attacks of environmental groups, that led to the evisceration of the EPA during the Reagan years.

18. Obviously the extent to which this is the case varies among organizational forms. Where a form is very strongly institutionalized and its character is defined either by higher-level legal requirements, as is the case for the educational institutions that Meyer and Scott (1983) describe, or by policies set by some central organization (as is the case for local plants of some national manufacturing concerns), local diffusion may be almost entirely automatic, with little variation in form across localities. Although the extent to which such highly institutionalized, centrally proscribed forms are prevalent is an empirical question, it is my suspicion that they are relatively rare; and that such strong institutionalization, where it finally occurs, takes many years of institutional work to accomplish.

19. See Eisenstadt (1968: 414): "The concrete institutional framework which emerges in any given situation is the outcome . . . of the relative success of different competing groups of . . . leaders and entrepreneurs, who attempt to impose . . . their own particular solution on a given situation."

20. Some steps toward an engagement with such issues is evident in recent work by Pfeffer (1981) and Powell (1985).

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