Chapter 8 Institutional Change

On the one hand, change poses a problem for institutional theorists, most of whom view institutions as the source of stability and order. If the nature of actors and their modes of acting are constituted and constrained by institutions, how can these actors change the very institutions in which they are embedded? On the other hand, much theory and research on institutions focuses on change: the creation of new institutional forms and associated changes in organizational fields, populations and individual organizations as these entities respond to pressures to adopt new structures or practices. Much of this attention to change, however, tends to privilege two moments: the formation of new elements and their diffusion across host forms. Emphasis has been on institutional construction and on convergent change processes. This focus assumes that institutions are put in place and then exert their effects, but are not themselves subject to further change. Only in the last decade have theorists and researchers began to examine arguments and situations involving institutional change that witnesses the deinstitutionalization of existing forms and their replacement by new arrangements which, in time, undergo
institutionalization. Using language proposed by Giddens, institutionalists have focused attention on structuration processes but have neglected processes leading to destructuration or restructuration.

This chapter begins by reviewing ideas and evidence concerning deinstitutional (destructuration) processes, then considers the ways in which institutions are reconstructed. I review studies that reflect these processes at field, population, and organizational levels. And, equally important, I examine the ways in which actors at these various levels interact to construct and reconstruct institutions.

DEINSTITUTIONALIZATION PROCESSES

As noted in Chapter 5, persistence of institutional beliefs and practices cannot be presumed. Deinstitutionalization refers to the processes by which institutions weaken and disappear. As expected, some analysts emphasize primarily the regulative systems, noting enfeebled laws, diluted sanctions and increasing noncompliance. Others stress eroding norms and evidence of the diminished force of obligatory expectations. And still
others point to the erosion of cultural beliefs and the increasing questioning of what was once taken-for-granted. Regardless of which elements are emphasized—of course, all or various combinations may be involved and examined—analysts should attend to both beliefs and behaviors: to schemas and resources. Beliefs and behaviors are loosely-coupled, as generations of sociologists have emphasized, but changes in our ideas and expectations put pressure on related activities, and vice versa.

The possible causes of deinstitutionalization are multiple. As noted, Zucker (1988b) emphasizes the general phenomenon of entropy associated with “imperfect transmission” and modification of rules under the pressure of varying circumstances and the erosion of roles by the personal characteristics of occupants. Oliver (1992) describes three general types of pressures toward deinstitutionalization: functional, political, and social. Functional pressures are those that arise from perceived problems in performance levels associated with institutionalized practices. For example, public schools in the U.S. have clearly suffered some loss of legitimacy in recent years due to lower scores on standardized educational tests compared to children in comparable societies (see National Commission on Excellence in
Reduced legitimacy allows increased consideration of alternative programs, such as vouchers. There is an ecology of institutions as well as of organizations and actions. When institutional structures are found by some important constituency to be inadequate in the guidelines they provide, these structures are candidates for reform or replacement as problems accumulate.

Political pressures result from shifts in interests or underlying power distributions that provided support for existing institutional arrangements. Scott et al. (2000) show how the long-term reduction in membership in the American Medical Association (AMA), associated with the rise of specialty associations, resulted in the weakening and fragmentation of physician power and, as a consequence, a reduction in professional control over the health care field. Social pressures are associated with differentiation of groups and the existence of heterogeneous divergent or discordant beliefs and practices. The presence of multiple competing and overlapping institutional frameworks undermines the stability of each. We have, for example, "the numerous studies from Eastern Europe documenting parallel and contradictory logics in which ordinary citizens were
already experiencing, for a decade prior to 1989, a social world in which various domains were not integrated coherently” (Stark 1996, p. 994)

Empirical studies of deinstitutionalization are relatively rare. As might be expected, the indicators employed to assess the extent of deinstitutionalization range from weakening beliefs to abandonment of a set of practices. Geertz (1971) describes a subtle and barely discernable pattern of deinstitutionalization underway in two Islam societies as fundamentalist belief systems gradually loosen their hold on believers:

What is believed to be true has not changed for these people, or not changed very much. What has changed is the way in which it is believed. Where there once was faith, there now are reasons, and not very convincing ones; what once were deliverances are now hypotheses, and rather strained ones. There is not much outright skepticism around, or even much conscious hypocrisy, but there is a good deal of solemn self-deception. (p. 17)

Tolbert and Sine (2001) describe an intermediate stage of deinstitutionalization based on changing practices. They examine a decline in the use of tenure systems in American institutions of higher education during the period 1965-95.
While only a very few colleges and universities abandoned the tenure system, “many higher education institutions have, in the last three decades, steadily increased the number and proportion of non-tenure-track faculty positions” (p. 7). The tenure institution, strongly supported by the normative structures of the teaching profession, persists, but its scope is narrowing, so that the protections apply to ever smaller numbers of faculty members. Using data from the period 1989-95, Tolbert and Sine show that while there are costs, primarily labor costs, associated with compliance to the tenure system, other costs, primarily legitimacy costs, attend reduced compliance.

Outright abandonment of an institutionalized practice represents the extreme case of deinstitutionization. Greve (1995) examines the decision by a sample of radio stations to discontinue use of a broadcasting format, a strategic decision regarding choice of the targeted audience. While not a strong instance of an institution, such strategy decisions once made tend to be held in place by sunk costs, cognitive conceptions and commitments as to “what kind of station we are”, and routinized patterns of activity. Greve finds that the same kinds of factors that help to predict the adoption of a new format (see Greve 1998) also
explain abandonment. Stations were more apt to abandon a format if their social reference groups—other stations in the corporation, market contacts both within and outside the focal market—had done so. Such findings suggest that it is useful to place studies of deinstitutionalization in a broader context of institutional change, since the weakening and disappearance of one set of beliefs and practices is likely to be associated with the arrival of new beliefs and practices.

CHANGE PROCESSES

Three Studies of Institutional Change

I begin the more general discussion of processes involved in institutional change by briefly reviewing three studies, one conducted at the subsystem (micro) level, one at the organizational form (meso) level, and one at the organizational field (macro) level.

In a much-praised study, Barley (1986) examined changes occurring over a one year period in the social structure of radiology departments of two community hospitals in Massachusetts. The impetus for change was the introduction of new diagnostic technology, computed tomography (CT) scanners, in each department, leading to
alternations in the routine scripts and associated activities governing interaction of radiologists and technicians. By carefully analyzing the content of interaction scripts between occupants of the two roles, Barley shows that the “same” technology was associated with different change processes in the two settings, although in both cases, decision making became more decentralized. The study utilizes content analysis of interactions between organizational actors to describe the process by which established institutional arrangements governing behavior of key actors in radiology departments were disrupted by the new technology and then replaced by new scripts and routines.

Greenwood and Hinings (1993) examine changes over time in the models or “archetypes” governing the structural features of a given type of organization. They studied a sample of 24 municipal governments in England and Wales as they evolved during the period 1969 to 1982. These units had discretion to organize as they wished, but were asked by oversight authorities to submit reorganization plans in 1974, a process that stimulated increased awareness and discussion of governance structures. The thesis examined by Greenwood and Hinings is that organizations tend to exhibit coherent patterns or configurations of features in
the sense that core values and beliefs will be reflected in practice patterns. “We are positing that archetypal coherence comes from the consistent relationship between an interpretive scheme and an organization’s structures and systems” (p. 1056). The two interpretive schemas identified among municipal governments were a “corporate” and a “heteronomous professional” model. [1] The former was associated with higher centralization, less autonomy of functional departments, and generally higher levels of administrative control; the latter, with lower centralization and more autonomy for professional departments. The researchers observed a trend over the period of study for governments to change archetypes, shifting from the professional to the corporate model. They also observed tendencies for municipalities exhibiting “discordant” patterns—inconsistency between schemas and system components—to become more coherent over time.

Working at the level of the organizational field, my colleagues and I (Scott et al. 2000) examined changes occurring over a fifty year period among five populations of organizations providing healthcare services in the San Francisco Bay Area. Although the focal populations—hospitals, integrated hospital systems, health maintenance organizations, home health agencies, and kidney disease
centers—were confined to the geographically delimited Bay Area, forces affecting these populations were assessed at the national and state as well as local levels. We demonstrate how changes in the institutional environment, including changes in governance structures and institutional logics, were associated with changes over time in the density (relative numbers) of organization in the five populations. During an early period of “professional dominance”, marked by the hegemony of the medical establishment with their central emphasis on quality of care, care was provided primarily by independent physicians and community, nonprofit hospitals. The era of “federal involvement” was ushered in by the passage in 1965 of the Medicare/Medicaid legislation. Public actors joined professional associations in exercising governance, and a focus on equity of access to treatment joined quality of care as a central institutional logic. Increased (public) resources encouraged the growth of hospitals, but also the emergence of a number of more specialized forms, including kidney treatment centers and home health agencies. Largely in response to increasing healthcare costs, a third era of “managerial controls and market mechanisms” commenced in the early 1980s and continues to the present time. A new logic was introduced—the logic of efficiency—which was
associated with the introduction of new types of incentives and new types of governance structures, including purchasing coalitions and for-profit health services firms. Independent hospitals began to decline in numbers and centrality as health maintenance organizations, combining financial oversight and delivery functions, rose to prominence. Changes in institutional logics, and associated changes in governance systems are shown to affect the types and relative numbers of healthcare provider organizations. In Greenwood and Hinings’ terms, different institutional logics are associated with varying organizational archetypes.

Although conducted at varying levels of analysis, the three studies share important similarities. All focus on changes over time as one stable, institutional pattern is shown to give way to another, different pattern. Each distinguishes between ideas (scripts, schemas, logics) and ordered activities (organizational routines, systems, forms). All employ a combination of process and variance approaches. And, although it may be obscured by my cursory review, all emphasize Giddens’ structuration model in which rules/schemas and activities/resources interact to produce structures which, over time, are reproduced but are always subject to change. Institutional structures are medium and
outcome: they shape and are themselves shaped by subsequent interpretations and activities.

**Accounting for Institutional Change**

Theorists and researchers have been active, particularly during the most recent decade, in attempting to better understand institutional change processes as they interact with organizational change. As a first cut, it is useful to distinguish between processes or factors exogenous to the institutional system under study that trigger change versus work of forces internal to the system. Of course, the smaller the scope of the system studied, the more likely external factors will be involved. Change in the social structure of the radiology departments studied by Barley was triggered by the “external” event of introducing new technology from outside. The changes examined by Greenwood and Hinings apparently involved primarily endogenous forces, although the corporate archetype itself clearly was developed in sectors external to that of the municipal government. The healthcare study involved forces both internal (decline in the power organized medicine) and external (the rise of a conservative, market-oriented political ideology) to the field.[2]
Among the external factors that have been identified by scholars as initiating institutional change are: introduction of new technologies—in particular, “competence-destroying” (versus “competence enhancing”) technologies (Tushman and Anderson 1986); management innovations, such as total quality management (e.g., Cole 1999); major changes in political policies, including industrial regulation (e.g., Fligstein 1990) and employment rules (e.g., Baron, Jennings and Dobbins 1986); major political upheavals, such as wars and revolutions (e.g., Carroll, Delacroix, and Goodstein 1988); social reform movements, such as civil rights (e.g., McAdam 1982) or womens’ liberation (e.g., Clemens 1993); economic crises or dislocations (e.g., Stark 1996); and shifts in cultural beliefs and practices, such as changing conceptions of the natural environment (e.g., Frank et al. 1999)

In highly institutional systems, endogenous change seems almost to contradict the meaning of institution. However, two general features of social systems render change possible, if not inevitable. First, there is the ever present gap or ‘mismatch’ between the micro and macro levels . . . This mismatch is explained by the distance between the experiences, thoughts and actions of the many single individuals on the micro
level on the one hand, and by the content and regulations embedded in the socially constructed institutions on the macro level, reflecting more general perspectives in society, on the other. (Sjöstrand 1995)

Adjustments, refinements, amendments, short-cuts, modifications, departures at the micro level—all take their toll on the macro frameworks. Second, if we recognize that virtually all social structures, particularly in the modern world, contain multiple institutional systems that intersect, overlap, compete for attention and adherents, constrain some actors and actions but enable others, then endogenous change is easier to contemplate. At the societal level, Freidland and Alford (1991) remind us that kinship systems and work arrangements significantly overlap and interact, but are defined by quite different institutional logics. Heimer (1999) describes the complex ways in which legal, medical and family system norms and logics overlap and interact to influence decisions and actions in neonatal intensive care organizations. And Selznick (1969) has examined the ways in which political ideologies, espousing “citizenship” models, have been introduced into private firms affording due-process rights and procedural safeguards for employees within these
“private governments.” While a logic may arise in one arena, it may oftentimes be applied to another, providing a rationale for acting differently. Labeling this the “transposability of schemas,” Sewell (1992, p. 17) observes that “the schemas to which actors have access can be applied across a wide range of circumstances”. Similarly, resources are often usable across institutional borders: material resources or prestige earned in one system may be employed to alter one’s situation in another.[3]

Just as the locations where sea water meets fresh are particularly supportive of varied marine life, so the areas of overlap and confluence between institutional spheres generate rich possibilities for new forms. Morrill (2000) depicts the emergence of a new organizational field staffed by new actors at the boundary where conventional legal structures overlap with social welfare forms. The field of Alternative Dispute Resolution (ADR) emerged between 1965 and 1995 in response to a growing number of minor disputes that were clogging the law courts. A “community mediation” model, championed by the social work community, and a “multidoor courthouse” model, supported by lawyers competed for the jurisdiction of this “interstitial” arena. Morrill details the processes by which new roles and practices were created (innovation), legitimation and resources were
acquired from key players in existing organizational fields (mobilization), and a stable, uncontested, institutional settlement achieved (structuration). Morrill concludes:

In the interstices created by overlapping resource networks across organizational fields, rules, identities, and conventional practices are loosened from their taken-for-granted moorings and alternative practices can emerge, particularly in the face of perceived institutional failure. (p. 29???)

Conflicts norms and cultural models can occur not only between institutional frameworks but also within them. A given field may contain competing frameworks that prescribe varying forms and activities for participants, the winners and losers to be sorted out over time. Haveman and Rao (1997) describe the co-evolution of institutions and organizational forms in their historical study of the California thrift industry between 1890 and 1928. In the early period, the industry was dominated by the “terminating” plan, based on conceptions and norms of mutual self-help. Members were shareholders, not depositors, and plans were dissolved when all participants had saved sufficient funds to build or buy their own homes. A competing model, the “Dayton/guarantee-stock” plan, which made a sharp distinction between members and managers and
depositors and borrowers, minimized mutuality and shared fate. Bureaucratic impersonality and expertise were celebrated over voluntaristic, mutual assistance. A variety of hybrid forms also appeared (Haveman and Rao 2000) but, over time, the Dayton plan became dominant.[4] Haveman and Rao argue that while the terminating plan was consistent with the informal patterns of rural communities, the Dayton plan was more congruent with the institutional logics of the Progressive era, “appealing to well-understood rational-bureaucratic procedures and arguing in efficiency terms” (p. 1641).

Change can be associated with features of particular institutional components or with tensions between components. Institutional schemas vary in their “mutability”, the extent to which they mandate specific beliefs and actions or allow for alternative formulations and behaviors (Clemens and Cook 1999, p. 448). In addition, schemas may relate to specific resources, such as social networks, that can become fragmented or “cross important social cleavages” (p. 451), inducing change. Ideas, including institutional beliefs, require social carriers, and human actors are highly mobile. As Campbell (1997, p. 17) argues: “Changes in interaction may precipitate changes in interpretation.”
Individual organizations within organizational fields differ in their social location, for example, their connection to existing networks and centrality. Such differences are typically associated with varying levels of commitment to extant logics. In their study of institutional practices in the U.S. radio broadcasting industry, Leblebici and colleagues (1991) describe changes occurring the period 1940-1965. Three stages are identified, differing in terms of who the dominant players were, what served as the medium of exchange, and what institutionalized practices governed these exchanges. The problem posed by the investigators is: "Why do those who occupy the positions of power in the existing institutions willingly change its practices?" (p. 337). Their analysis suggests that, at least in this industry and during the period under study, change was primarily endogenous, involving innovations introduced by marginal participants that were later adopted by leading members, driven to do so by increased competition. These new practices became conventions when used recurrently, and subsequently became "institutional practices by acquiring a normative character, when sustained through some form of legitimacy" (p. 342).
Changes in practice co-evolve with changes in legitimating logics. Hirsch (1986) examined the diffusion of an innovation initially regarded as deviant by dominant field participants: the “hostile takeover.” Originating in the periphery of big business during the late 1950s, the practice of buying controlling shares in a corporation against the opposition of its executives soon spread to threaten mainstream firms. Changes in the legal environment in 1968 were accompanied by the creation of new financial instruments (“junk bonds”) and together triggered increases in hostile takeover attempts that continued through the 1980s. But in addition to new regulations and new practices, changes in “linguistic framing” were instrumental in transforming what had been considered a marginal, deviant practice to a mainstream business technique. The business press condemned the tactics of “corporate raiders” but increasingly employed metaphors more tolerant of takeover attempts. One-way stigmatization employing epithets like “pirate” and “raider” gave way to more balanced language, takeovers being described as “contests” or as “corporate cockfights” between status equals (Hirsch 1986, pp. 818-819).

Davis, Diekmann and Tinsley (1994) augment Hirsch’s argument about the importance of framing metaphors in
legitimating new behaviors. They propose that changes leading to the breakup of the conglomerate firm during the 1980s were associated with a more general change in the “authoritative analogies” legitimating ways of organizing. They argue that the long-utilized organic metaphor of the “firm as body” was replaced during the 1960s-1980s by the metaphor “firm as portfolio” (see also, Fligstein 1991). “The firm-as-portfolio model was promoted through a range of institutional processes over a period of three decades, including the actions of the state, organizational imitation, the advice of business consultants, and the efficiency rationales of organization theorists” (Davis, Diekmann, and Tinsley 1994, p. 552). This view fueled the deconglomeration movement by undermining “the notion of organizations as primordial social units in favor of a radical individualist view in which corporations were simply ‘financial tinker toys’ which could be arranged at whim, without regard for organizational boundaries” (p. 549). During the more recent decade, however, the portfolio model appears to be fading in favor of models emphasizing “core competence” and network forms.

Changing cognitive frames act to shift the dynamics of organizational fields. Such changes can empower some actors--individuals, organizations, professions—and
constrain or disadvantage others. Pursuing their work on changing organizational archetypes, Greenwood and Hinings (1996) propose that an important mechanism of change is to be found within organizations, in the coalitions of participants with varying interests. A change in logics at the field level acts to advance the cause and promote the interests of some actors while disadvantaging others. In their study of accounting organizations, increasing competition and an emphasis on market growth strategies has increasingly benefited managerial and marketing interests over those of traditional accountants (see Greenwood and Hinings 1996; Cooper et al. 1996). These changed internal political dynamics provided the mechanisms driving the substitution of one organizational archetype (the managerial/professional) for another (the professional/partnership model). Recall in this connection, Fligstein’s (1987; 1991) similar arguments about the linkages between the strategies pursued by firms and the background of CEOs.

Related kinds of political processes operate at the wider, interorganizational field level, as some types of organizations are advantages over others by changing institutional logics. Economists brought their ideas of cost-benefit analysis and market controls into the health
care sector in the early 1970s and, with the aid of conservative politicians, challenged the dominant normative models of medical professionals and coexisting models of public regulation. These changes in institutional logics were, in turn, associated with the appearance and rapid growth of new actors and activities, both individual (for example, Physician Executives) and collective (for example, HMOs) (see Montgomery 1990; Scott et al. 2000). As Stryker (2000) observes:

Contemporary societies provide many opportunities for institutional politics, defined as the strategic mobilization and counter-mobilization of diverse institutional logics as resources for interpretive understanding-based, instrumental interest-based and internalized value-based conflicts. . . Legitimacy processes . . . are the heart of institutional politics. (p. 190)

Many of the "new" institutional forms arising from such politicized, intergroup processes are not completely new but rather novel combinations of earlier institutional components. Existing institutions do not just pose constraints, but "are also enabling to the extent that they provide a repertoire of already existing institutional principles (e.g., models, analogies, conventions, concepts)
that actors use to create new solutions in ways that lead to evolutionary change” (Campbell 1997, p. 22). Fragments of pre-existing institutions are cobbled together by coalitions of actors in an innovative process labeled **bricolage** (Douglas 1986). Principles are amended and compromises reached to form new settlements; models are reconfigured or combined into various hybrid forms; and routines are reassembled to serve modified goals. New institutions borrow aspects of order, meaning, and legitimacy from earlier institutions. This conception of institutional change seems particularly apt as a model for understanding change processes underway in Eastern Europe at the turn of the 20th century (see Stark 1996; Campbell and Pedersen 1996). As Stark (1996) observes:

> Change, even fundamental change, of the social world is not the passage from one order to another but rearrangements in the patterns of how multiple orders are interwoven. Organizational innovation is this view is not replacement but recombination.

Thus, we examine how actors in the postsocialist context are rebuilding organizations and institutions not on the ruins but with the ruins of communism as they redeploy available resources in response to their immediate practical dilemmas. Such a conception of
path dependence does not condemn actors to repetition or retrogression, for it is through adjusting to new uncertainties by improvising on practices routines that new organizational forms emerge. (p. 995)

AGENCY, POWER AND INSTITUTIONAL CHANGE

Many of the arguments and studies just reviewed suggest increased attention to the play of power and the role of agency in institutional analysis. Early versions of neoinstitutional theory seemed to allow little room for variety of response, for resistance, for efforts to change commonly held beliefs and established rules. Critics (both within and outside the camp), weary of reading about convergence, conformity, and isomorphism have become increasingly critical of a developing orthodoxy defocusing conflicting interests and power. Perrow (1985, p. 154) expressed concern about “this infatuation with cultural myths and symbols to the neglect of power and group interest”; DiMaggio (1988, p. 10) pointed to the “chronic use of passive constructions” in institutional arguments which “systematically deemphasize human agency”; Oliver (1991, p. 145) stressed the “lack of attention to the role of organizational self-interests and active agency”; Hall
(1992, p. 77) lamented the “distressing tendency to turn everything into myth and legend,” ignoring the realities that lay behind these constructions; Barley and Tolbert (1997, p. 95) complained that “More often than not . . . institutionalists have concentrated on an institutions’ capacity to constrain” actors and actions; Hirsch (1997, p. 1714) charged that neoinstitutionalists, in their attention to ideas and rules neglected “social structure”, in particular, “the capacity for individual and collective actors to act, and pursue independent goals”; and Stinchcombe (1997) expressed the fear that neoinstitutionalists were in danger of leaving out the “guts” of institutional analysis by ignoring commitments to values backed by resources and sanctions.

Given recent developments, however, these accusations seem a bit outdated and the dangers to which they point now appear more remote. First, the concept of agency itself has undergone clarification. Rather than presuming that agency is the ability of an actor to take actions independent of structural constraints, theorists argue that:

All social action is a concrete synthesis, shaped and conditioned, on the one hand, by the temporal-relational contexts of action and, on the other, by
the dynamic element of agency itself. The latter guarantees that empirical social action will never by completely determined or structured. On the other hand, there is no hypothetical moment in which agency actually gets “free” of structure. (Emirbayer and Mische 1998, p. 1004)

Second, and more important, researchers during the past decade have skillfully blended arguments and data concerning ideas and interests, normative frameworks and power processes, rule systems and strategic action. A number of these efforts have already been described in earlier chapters, but notable examples include: DiMaggio’s (1991) historical study of the contested construction of art museum field; Brint and Karabel’s (1991) analysis of the transformation of American community colleges as they increasingly converted from a liberal arts transfer to a vocational focus during the 1970s; Fligstein’s (1990; 1991) examination of the evolution of organizational forms in the organizational field comprised of the largest U.S. industrial corporations; Holm’s (1995) study of the cooperative actions of Norwegian fishermen in creating mandated sales organizations governing fish sales until they were swept away by the new regulations promulgated by European Free Trade Association; Delazay and Garth’s (1996)
description of the emergence and maturation of the field of international commercial arbitration; Biggart and Guillén’s (1999) comparative study of the diverse paths of economic development in the auto industries of four societies; and our (Scott et al. 2000) study of the profound changes occurring in the U.S. health care sector during the past half century.

Also of these studies view power as vested in institutions, but also allow for conflicting logics and interests giving rise to challenges leading to institutional change.

**Multiple Levels**

A common feature of all of these studies of various institutional processes—building, extending, maintaining, revising, and dismantling—is that the analysts consider multiple levels—individuals, organizations, fields, nation-states, international associations—in tracing the interweaving of actions, processes, and structures. While no one study can hope to definitively analyze all of the causal connections across levels for a complex institutional arrangement, the most informative studies are those that identify and trace the effects of salient and influential processes across two or more levels. Figure
8.1 depicts a generalized multi-level model of institutional forms and flows. World-system, trans-societal, or societal institutions provide a context within which more specific institutional fields and forms exist and operate, and these, in turn, provide contexts for particular organizations and other types of collective actors which themselves supply contexts for sub-groups and for individual actors and actions. Various “top-down” processes—constitutive activities, diffusion, socialization, imposition, authorization, inducement, imprinting (see Scott 1987)—allow “higher-level” (more encompassing) structures to shape, both to constrain and empower, the structure and actions of “lower-level” actors. But simultaneously, counter-processes are at work by which lower-level actors and structures shape the contexts within which they operate. These “bottom-up” processes include, variously: selective attention, interpretation and sense-making, identity construction, error, invention, conformity and reproduction of patterns, compromise, avoidance, defiance, and manipulation (see Oliver 1991).

[Figure 8.1 about here]

Earlier neoinstitutional sociologists emphasized top-down processes, focusing on the ways in which models, menus
and rules constrained organization-level structures and processes. Neoinstitutional economists and rational choice political scientists have emphasized bottom-up processes as actors pursue their interests by designing institutional frameworks that solve collective action problems or improve the efficiency of economic exchanges. Thelen (1999) proposes that while the time may not have arrived for a synthesis of economic and rational choice with more historical and sociological views of institutions, we might "strive for creative combinations that recognize and attempt to harness the strengths of each approach" (p. 380) Recent and interesting work has begun to surface that emphasizes the interweaving of top-down and bottom-up processes as the combine to influence institutional phenomena. We have previously discussed the studies by Edelman and associates (Edelman 1992; Edelman, Uggen, and Erlanger 1999) and Dobbin and associates (Dobbin et al., 1993) who explore how top-down regulative processes initiated by federal agents trigger collective sense-making processes among personnel managers, who construct new structures and procedures that are reviewed and, eventually, authorized by the federal courts. Regulative (federal laws), normative (professional managerial codes), and cognitive (sense-making) processes are connected in
complex and changing mixtures. Rules, ideas and interests each play independent, but interdependent, roles. Either-or dichotomies are usefully ignored; fruitless theoretical debates are resolved by empirical research.

In formulating a recursive, iterative model of institutional change, Holm (1995) proposes that it is helpful in examining the processes connecting adjacent levels to distinguish between two, nested types of processes: “practical” versus “political” actions. The former are actions taken within a given framework of understandings, norms and rules, serving to reproduce the institutional structure or, at most, stimulate incremental changes. The latter, “political” processes are actions taken whose purpose is to change the rules or frameworks governing actions. For example, explicit rules govern the activities of professional sports teams, but, from time to time, team representatives and officials meet to review and make alterations in the rules based on accumulated experiences or specific problems encountered. While in some cases changes in rules are based on collective mobilization and conflict, in many organized systems, formal structures are in place to support routine reviews of and revisions in rule systems. The creation of such
formalized decision-making and governance systems serves to institutionalize the process of institutional change.

**Widening Theoretical Frameworks**

In addition to employing more multi-level and recursive models in institutional studies, institutional scholars have begun to widen their theoretical frames, taking advantage of ideas and approaches developed in related areas. I have already discussed, in Chapters 3 and 7, the constructive connections being developed between students of the legal environment and institutionalists. Edelman and Suchman (1997) distinguish three dimensions of legal environments relevant to organizational studies. Legal systems offer a facilitative environment, supplying tools, procedures and forums that actors can employ to pursue goals, resolve disputes, and control deviant and criminal behavior within and by organizations (see Sitkin and Bies (1994); Vaughn, 1999). They provide a regulatory environment consisting of a set of “substantive edicts, invoking societal authority over various aspects of organizational life” (Edelman and Suchman 1997, p. 483; see also, Noll 1985). And, most fatefully, they offer a constitutive environment that “constructs and empowers
various classes of organizational actors and delineates the relationships among them” (p. 483; see also, Scott 1994d). Edelman and Suchman suggest that we need much more research on the ways in which constitutive legal processes function to construct inter-organizational relations (e.g., tort law, bankruptcy law), construct distinctive forms of organization structure (e.g., corporate law), and contribute to an underlying cultural logic of “legal-rationality.”

Another rapidly developing productive intersection is that between social movement theory and institutional change. For many years, social movement theory has productively borrowed from organizational theory as Mayer Zald, John McCarthy and others showed us how collective movements, if they were to be sustained, required the mobilization of resources and leadership to create social movement organizations (Zald and Gardner 1966). And, as numerous movement organizations pursued similar types of reforms, they identified social movement industries or fields within which such similar organizations competed, cooperated, and learned from each other (McCarthy and Zald 1977).

As institutionalists have become more interested in the subject of change, it is not surprising that they have
begun to attend more closely to the work of social movement theorists. Among the younger researchers who are connecting movement arguments and insights to institutional and organizational change are: Clemens (1993), with her work on the alternative organizational models adopted by the women’s movement at the turn of the 20th century; Davis (1994), who utilized social movement perspectives in his analysis of the politics of corporate control; Rao (1998), who examined the construction of consumer watchdog organizations, some forms of which advocated radical political change; and Morrill (2000), whose examination of the emergence of the interstitial field of alternative dispute resolution was discussed earlier in this chapter.

More so than organizational institutionalists, social movement theorists call attention to the importance of mobilizing structures—"the forms of organization (informal as well as formal) available to insurgents"—and to political opportunities—the "structure of political opportunities and constraints confronting the movement" (McAdam, McCarthy, and Zald 1996, p. 2). Clemens (1993), for example, makes insightful use of both of these concepts in her analysis of women’s political groups at the turn of the last century in the U.S. Lacking access to normal forms of political action (the franchise), they “adapted
existing nonpolitical models of organization for political purposes” (p. 758). An “organizational repertoire” is the “set of organizational models that are culturally or experientially available”—for women at this time and place, unions, clubs, and associations. Employing these conventional models in unconventional ways mobilized around new purposes led to profound institutional change.

At the institutional level, women’s groups were central to a broader reworking of the organizational framework of American politics: the decline of competitive political parties and electoral mass mobilization followed by the emergence of a governing system centered on administration, regulation, lobbying, and legislative politics. (p. 760)

Both social movement and institutional theorists attend to framing processes—the “collective processes of interpretation, attribution, and social construction that mediate between opportunity and action” (McAdam, McCarthy, and Zald 1996, p. 2), but movement theorists have emphasized “frame alignment” as a process of particular value to disadvantaged groups. When one is a suppressed or challenging movement, support depends on the extent to which it is possible to align one’s ideas and interests
with those of others, whether allies or authorities (see Snow et al. 1986).

As noted above, many institutional frameworks have built-in mechanisms to allow incremental change, but these frameworks invariably privilege some interests over others and exclude some parties entirely. Excluded groups must resort to collective action in order to have their voices heard, and social movement theory provides important insights into when and how such mobilization activities occur. Institutional change proceeds by mobilization efforts and revolutionary processes as well as by formalized procedures and incremental reform activities. Institutional theory must attend to the wide range of processes, structures, and mechanisms by which institutional change occurs.

Institutional theory will benefit greatly by continuing to cultivate connections with law and society scholars, social movements theorists, as well as with other rapidly developing research communities, such as network theorists (Nohria and Eccles 1992), students of society and accounting (Hopwood and Miller 1994), economic sociology (Smelser and Swedberg 1994), and international and comparative management (Ghoshal and Westney 1993). All of these communities can bring theoretical insights and useful
methodologies to our understanding of institutions and institutional change processes.

**STRUCTURATION PROCESSES**

I introduced and defined Giddens’ concept of “structuration” in Chapter 4 and described its application to organizational fields in Chapter 6. Here I emphasize its utility as a framework for studying institutional change processes. While some critics have suggested that Giddens’ formulation tends to conflate structure and action, Barley and Tolbert (1997) argue that this need not be the case. Structures can be understood as “historical accretions of past practices and understandings that set conditions on action” (p. 99), existing prior to action but then, in turn, being affected by that action. Analysis of this relation requires longitudinal data and separate indicators of structure (spanning settings and time) and of action (localized to a given setting.)

While structuration processes occur at all levels, from micro (recall Barley’s [1986] study of structuration with radiology departments in response to the introduction of new technology) to macro, (recall Boli and Thomas’s [1997] examination of the rapid growth of international
nongovernmental organizations at the world system level), I focus here on the intermediate level of the organization field.

Most empirical research has focused on the construction of fields and on processes promoting increasing levels of structuration. In addition to the studied reviewed in Chapter 6 by DiMaggio, Meyer and colleagues, and Lauman and Knoke, other studies focusing on structuration processes include those by Stern (1979) of the development of the National Collegiate Athletic Association; by Leblebici and Salancik (1982) of rulemaking processes in the Chicago Board of Trade, by DiMaggio (1991) of the museum field; by Suchman (1995a) of the semiconductor firms in Silicon Valley; and by Dezalay and Garth (1996) of the field of transnational commercial arbitration. Complementary discussions, employing somewhat different assumptions and language, appear in accounts by organizational ecologists and strategic management scholars of "interorganizational community building" and "industry formation" processes (see Van de Ven and Garud 1989; Aldrich and Fiol 1994; Garud and Rappa, 1994; Hannan and Carroll 1995; Aldrich 1999). The latter discussions give more attention to the creation of a distinctive environmental niche and the securing and consolidation of
resource flows, but also attend to increased stability of interaction patterns and the securing of legitimacy from critical governance units.

More recent research by institutionalists has begun to include the examination of destructuration and restructuration processes. David, Diekmann and Tinsley (1994) examined the decline and fall of the conglomerate firm during the 1980s; Thornton (1995), the displacement of editorial by marketing logics in the book publishing industry; and Holm (1995), the rise and fall of the mandated sales organization governing Norwegian fisheries. Organizational fields can move toward decreased structuration and their legitimacy can be challenged and undermined by the emergence of new logics and forms.

In an historical study of the effects of the U.S. environmental movement on the chemical and oil industries during the period 1960-1990, Hoffman (1997) argues that during this period, one cognitive frame or institutional logic has displaced another. During the 1960s, firms embraced an "industrial" environmentalism, based on "technological, self-confidence," viewing pollution as a "problem it could handle itself." Thirty years later, an entirely new cognitive frame, "strategic environmentalism" had emerged which took a field-wide view of the problem,
included governmental agencies and activists as legitimate players, and elevated environmental managers into high-level corporate positions (pp. 12-13). Yesterday’s “heresy” had become today’s “dogma.” Hoffman argues that deficiencies with the initial cognitive frame causing the industries to deal adequately with significant problems first resulted in new regulative requirements. These in turn evoked new normative responses from managers and engineers, which over time created new conceptions of the nature of the problems and appropriate solutions: new cognitive frames (p. 157). Cognitive, regulative, and normative elements were all involved, but were dominant during different periods of the institutional transformation.

In attempt to better specify empirical indicators for assessing field structuration, my colleagues and I (Scott et al., 2000, pp. 358-60) propose a number of dimensions along which the structuration of fields can vary. Eight dimensions are identified:

- Funding centralization—the extent to which financial resources employed by actors in the field are concentrated
• Unity of governance—the extent to which governance structures are congruent in jurisdiction and consistent in the rule systems enunciated and enforced.

• Public-private mode of governance—the extent to which public versus private authorities exercise control over the field.

• Structural isomorphism—the extent to which organizational actors in the field conform to a single archetype or structure model.

• Coherence of organizational boundaries—the extent to which organizational forms in the field exhibit clear, well-demarcated boundaries.

• Consensus on institutional logics—the extent to which actors in the field embrace and adhere to the same general beliefs and recipes of action in carrying out field activities.

• Organizational linkages—the extent to which there is a relatively large number of formal or informal connections between organizational actors in the field.

• Clarity of field boundaries—the extent to which there exists relatively high insulation and separation of field actors and structures from neighboring fields.
Empirical measures for each are suggested, based on our study of the health care field (see p. 361).

More succinctly, my colleagues and I propose that change processes within organizational fields can be charted by attending to changes over time in (1) the numbers and types of social actors, both individual and collective; (2) the nature of institutional logics, and (3) the characteristics of governance systems. Actors, reflecting changing archetypes, tap into significant changes in cultural-cognitive, constitutive processes; logics, because they deal with the selection of appropriate ends and means, into a combination of cultural-cognitive and normative processes; and governance systems capture changes in both normative and regulative processes.

Our research demonstrates that during the course of past half century, the U.S. health care field has undergone dramatic deconstructuration processes, as governance structures have become less unitary, including complex mixtures of public and private oversight bodies, organizational forms for delivering health care have become more diverse and richly interconnected, the boundaries of these forms have become more blurred and indistinct, consensus on logics governing field behavior has been
sharply reduced, and field boundaries have become less clearly defined and more highly penetrated.

Institutionalized systems rise and fall. Even highly stable and socially embedded fields supported by powerful constituencies can be dethroned and dismantled. Challenging logics carried by marginal actors or by mainstream actors invading from neighboring fields can undermine current truths and provide the foundation for the legitimation of new actors, practices, and governance systems.

**CONCLUDING COMMENT**

Until recently, neoinstitutional researchers have concentrated the efforts on understanding the ways in which institutions arise and diffuse, studying construction and convergent change processes. During the past decade, however, they have according increased attention to examining how institutions decline, fail, and give way to new logics, actors and forms.

The seeds of change are lodged both within and outside of institutions. Internal tensions are created as general rules are applied to specific situations; rules must be adapted and amended so that, over time, rules evolve and erode. Tensions arise within frameworks as regulative,
normative, and cultural-cognitive elements move out of alignment. Various collections of actors within the jurisdiction of a given institution can interpret the rules in conflicting ways. External tensions are produced when multiple institutions overlap, providing diverse schemas and recipes for action. Wider environmental conditions—political, economic, technological—can shift, rendering current institutions vulnerable to precipitous change.

Change processes are best examined by designs that incorporate multiple levels of analysis. Social actions and structures exist in dualistic relation, each constraining and empowering the other. And social structures themselves are nested, groups within organizations or networks of organizations, organizations within fields, fields within broader societal and trans-societal systems. While every study cannot attend to all levels, analysts should be aware of them and craft designs to include critical actors and structures engaged in maintaining and transforming institutions.

Endnotes to Chapter 8:
1. "Heteronomous professional organizations" are organizations staffed by professions who are subordinated to a managerial framework. They have discretion over
technical or clinical tasks, but are subject to routine supervision. (See Scott 1965).

2. Note that in the case of organizational fields, many factors are “external” to a specific organization or population of organizations, but internal to the field. (See Scott, Mendel and Pollock 2000).

3. But note that status and prestige systems are designed to prevent easy transferability of resources. Derogatory terms such as “nouveau riche” and “social climber” illustrates the stickiness of status processes.

4. The researchers show that dominance of the Dayton plan was achieved primarily by selection rather than adaptation processes. That is, terminating plans could not readily be converted into Dayton plans; rather, their growth was primarily due to differential foundings over failure rates. (Haveman and Rao 1997)