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Institutional Logics

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INTRODUCTION

The phrase, 'institutional logic' has become somewhat of a buzz-word. Buzz words are over used; as a result their meanings often get distorted and overextended and they burn-out of existence. Mizruchi and Fein (1999) showed in the institutional theory literature how meanings get distorted and then taken for granted. To avoid misunderstandings of the institutional logic concept and to build on research in this genre, now is the time to reflect on definitions and the theoretical and methodological contributions this perspective brings to the analysis of institutions.

We begin by defining the concept of an institutional logic and how it emerged as part of the development of institutional theory since the 1970s. Second, we illustrate the institutional logics approach as both a meta-theory and a method of analysis. Third, we present a select review of the literature emphasizing how the institutional logics approach makes headway in addressing several limitations and tensions identified by scholars of institutional analysis. In this review we focus on an analysis of the implicit and explicit social mechanisms employed in these studies, not on the description or strength of their empirical

findings. Last, we critique the literature on institutional logics and suggest how the approach can be used to further advance the study of organizations and institutions.

The research on institutional logics represents an impressive variety of empirical contexts, from thrifts (Haveman and Rao, 1997), higher education publishing (Thornton and Ocasio, 1999), health care organizations (Scott et al., 2000), colleges and universities (Gumport, 2000), consumer research (Moorman, 2002), mutual funds (Lounsbury, 2002), French cuisine (Rao, Monin, and Durand, 2003), equity markets (Zajac and Westphal, 2004), accounting firms (Thornton, Jones, and Kury, 2005), occupational prestige rankings (Zhou, 2005), and architects (Jones and Livne-Tarandach (Forthcoming), among others. Given the incredible diversity of research topics, what are institutional logics?

DEVELOPMENT OF INSTITUTIONAL THEORY

To understand the concept of institutional logics we must first place it within the context of institutional theory and institutional analysis. The study of institutions has a long

history in organizational analysis, beginning with Selznick's (1948, 1949, 1957) empirical analyses of organizations and the institutional environment, and Parson's (1956) theorizing, which emphasized how institutions function to integrate organizations with other organizations in society through universalistic rules, contracts, and authority.

In the 1970s a new approach to institutional analysis emerged with Meyer and Rowan (1977) and Zucker (1977), who highlighted the role of culture and cognition in institutional analysis. From a macro perspective, Meyer and Rowan (1977) emphasized the role of modernization in rationalizing taken-for-granted rules, leading to isomorphism in the formal structures of organizations. Organizations had to conform to the requirements of external environments for legitimacy, meaning that parts of organizations had to be loosely coupled from their technical core. Meyer and his colleagues were concerned with the importance of rationality in the account of western culture, and viewed the development of formal organizational structures as part of world society and its cultural system (Meyer, Boli, and Thomas, 1987; Meyer, Boli, Thomas, and Ramirez, 1997). From a micro perspective, Zucker (1977) also emphasized the taken-for-granted nature of institutions, and the role of cultural persistence as a measure of institutionalization.

DiMaggio and Powell (1983) extended Meyer and Rowan's (1977) focus on isomorphism from the societal level to the level of organizational fields. With their emphasis on coercive, normative, and mimetic sources of isomorphism, DiMaggio and Powell's approach led to an explosion of empirical analysis. In DiMaggio and Powell (1983), the effects of cognition are mainly viewed through mimetic isomorphism – focusing on mindless behavior in response to cultural rationalization. Subsequently, what they termed 'the new institutionalism' also became largely identified with a rejection of rationality as an explanation for organizational structure, and an emphasis on legitimacy rather than efficiency as an explanation for the success and survival of organizations (Tolbert and Zucker, 1983).

Friedland and Alford's (1991) seminal essay, together with empirical work by Haveman and Rao (1997), Thornton and Ocasio (1999), and Scott et al. (2000), created a new approach to institutional analysis which posited institutional logics as defining the content and meaning of institutions. While the institutional logics approach shares with Meyer and Rowan (1977), Zucker (1977), and DiMaggio and Powell (1983, 1991) a concern with how cultural rules and cognitive structures shape organizational structures, it differs from them in significant ways. The focus is no longer on isomorphism, whether in the world system, society, or organizational fields, but on the effects of differentiated institutional logics on individuals and organizations in a larger variety of contexts, including markets, industries, and populations of organizational forms. Institutional logics shape rational, mindful behavior, and individual and organizational actors have some hand in shaping and changing institutional logics (Thornton, 2004). By providing a link between institutions and action, the institutional logics approach provides a bridge between the macro, structural perspectives of Meyer and Rowan (1977) and DiMaggio and Powell (1983) and Zucker's more micro, process approaches. Situated forms of organizing are linked with beliefs and practices in wider institutional environments in ways that address the critique of isomorphism and diffusion studies (Hasselbladh and Kallinikos, 2000).

DEFINITIONS OF INSTITUTIONAL LOGICS

We present definitions of the institutional logics approach and then return to how it differs from the new institutionalism. The term *institutional logics* was introduced by Alford

and Friedland (1985) to describe the contradictory practices and beliefs inherent in the institutions of modern western societies. They describe capitalism, state bureaucracy, and political democracy as three contending institutional orders which have different practices and beliefs that shape how individuals engage political struggles.

Friedland and Alford (1991) further developed the concept in the context of exploring the interrelationships between individuals, organizations, and society. They view institutions as supraorganizational patterns of activity rooted in material practices and symbolic systems by which individuals and organizations produce and reproduce their material lives and render their experiences meaningful. Rejecting both individualistic, rational choice theories and macro structural perspectives, they posited that each of the institutional orders has a central logic that guides its organizing principles and provides social actors with vocabularies of motive and a sense of self (i.e., identity). These practices and symbols are available to individuals, groups, and organizations to further elaborate, manipulate, and use to their own advantage (Friedland and Alford, 1991: 232, 248, 251–252).

For Friedland and Alford (1991) the core institutions of society – the capitalist market, the bureaucratic state, families, democracy, and religion – each has a central logic that constrain both the means and ends of individual behavior and are constitutive of individuals, organizations, and society. However, while institutions constrain action they also provide sources of agency and change. The contradictions inherent in the differentiated set of institutional logics provide individuals, groups, and organizations with cultural resources for transforming individual identities, organizations, and society.

A separate, albeit related, conception of institutional logics was developed by Jackall (1988). In his ethnographic analysis of ethical conflicts in corporations, Jackall (1988: 112) defines institutional logic as 'the complicated, experientially constructed, and thereby contingent set of rules, premiums and sanctions that men and women in particular contexts create and recreate in such a way that their behavior and accompanying perspective are to some extent regularized and predictable. Put succinctly, an institutional logic is the way a particular social world works.' Jackall, like Friedland and Alford, views institutional logics as embodied in practices, sustained and reproduced by cultural assumptions and political struggles. But the emphasis for Jackall is on the normative dimensions of institutions and the intra-institutional contradictions of contemporary forms of organization; in contrast the focus for Friedland and Alford is on symbolic resources and the inter-institutional contradictions of the inter-institutional system, for example between the market and the family and the professions and the corporation.

Building on the developments of the concept by both Jackall (1988) and Friedland and Alford (1991), Thornton and Ocasio (1999: 804) defined institutional logics as 'the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality.' According to this definition institutional logics provide a link between individual agency and cognition and socially constructed institutional practices and rule structures. While Friedland and Alford's approach is both structural and symbolic, and Jackall's is both structural and normative, Thornton and Ocasio's (1999) approach to institutional logics integrates the structural, normative, and symbolic as three necessary and complementary dimensions of institutions, rather than separable structural (coercive), normative, and symbolic (cognitive) carriers, as suggested by alternative approaches (e.g., Scott, [1995] 2001).

While varying in their emphasis, the various definitions of institutional logics all presuppose a core meta-theory: to understand

individual and organizational behavior, it must be located in a social and institutional context, and this institutional context both regularizes behavior and provides opportunity for agency and change. The various dimensions of the meta-theory are further elaborated in Section IV.

Precursors

Research sometimes referred to as logics of action provides precursors to the institutional logics approach – similarly being based on an interdependent set of logics that provide some context for social influence on actors' actions in a domain. We highlight the examples that illustrate different logics of action operating either within or between institutional orders – Fligstein's (1987, 1990) three conceptions of control within corporate governance, DiMaggio's (1991) two conflicting models to organize the field of art museums, and Boltanski and Thevenot's ([1986] 1991) multiple modes of justification to evaluate agreements situated between six different worlds. In reviewing these examples note the relatively early and similar dates of publication and that all the examples involve an analysis of conflicting logics without focusing on isomorphism.

Fligstein (1990) identified three competing conceptions of control that guide the governance of large industrial firms: the manufacturing, marketing, and finance conceptions. For Fligstein, both intra-organizational power struggles (Fligstein, 1987) and field-level struggles to control market competition and contest state legislation shaped the formation of these competing conceptions, or logics of action. Executives' views on how to best run the corporation were selectively influenced by their experience in the corporation. Employees' ability to fight it out among each other in the rise to the top of the corporation occurs in a Chandlerian (Chandler, 1962) world of significant economic and industrial change, organizational and professional innovation, coupled with a powerful State.

The eventual result was that first manufacturing, then marketing succumb in power and control to those in finance. Updating his data on corporate control, Fligstein (2001) developed a shareholder value conception of control as distinct from the earlier finance conception – shifting influences away from the corporate venue to that of the market.

For Fligstein (1985, 1987, 1990), individual executives are the primary carriers of the contending conceptions of control. However, these conceptions may not be explicitly institutionalized. For example, Ocasio and Kim (1999) suggest that the alternative conceptions of control were never institutionalized in the organizational field, as none of them became dominant. While Fligstein's work is similar to the institutional logics approach because of its implicit interplay of institutional sectors – the professions, the corporation, and the State, the emphasis on the utilitarian individual and the power-oriented organization motivated subsequent work leading to the institutional logics approach that more systematically integrated conflict and cultural perspectives.

In another example of logics of action, DiMaggio (1991) develops ideal types of organizing the organizational field of art museums, the Gilman and the Data models, to understand how competing cultural models formed the basis of a power struggle to redefine the field; a struggle between the elite upper classes and their social circle of collectors and curators and the new class of museum professionals fueled by the expansion of higher education in the fine arts. The case reveals the structuration of organizational fields is a contested process between these two cultural models. However, there is an evolutionary ordering with the creation of a standardized body of knowledge, the organization of professional associations, and the collective definition of a field, being historically prior to the diffusion of the Data Model.

Boltanski and Thevenot (1991) apply a taxonomy of cultural repertoires that present different justifications of worth to understand

how people disagree, compromise, and conclude more or less lasting agreements. Identified with the tool kit school, they view culture as a social resource that individuals use strategically, culture is more than motivating action – it also justifies it. Boltanski and Thevenot illustrate in a variety of scenarios of interactions that what is legitimate changes depending on the context in which it is negotiated and evaluated, the ideal types being six different worlds – the inspired, domestic, fame, civic, market, and industrial. Compromises are less fragile when there is groundwork to embed them in the specific arrangements of these worlds assuming that the embedding is congruent with the worlds. Transposing or putting together elements extracted from the descriptions of the various worlds of worth can cause actors to be placed in incongruent or compromising situations, depending on the particular scenario. An intuitively awkward example illustrates their point. 'At home, to get his children's attention, a father presents a glowing picture of his ability to direct a project at work …. The first combines elements borrowed from the domestic world (a father and his children), from the world of fame (attract attention, present a glowing picture), and from the industrial world (ability to direct a project) (Boltanski and Thevenot, 1991: 227). This is an incongruous transfer of worth from different worlds since fathers do not receive attention based on industrial worth through the eyes of their children.

Fligstein's (1985, 1987, 1990), DiMaggio's (1991) and Boltanksi and Thevenot's ([1986] 1991) approaches all posit the existence of conceptions, models, or logics at a supraorganizational level, and either implicitly or explicitly emphasize the role of culture in shaping and interpreting individual and organizational activities. These examples also illustrate the interrelationship between individuals, organizations, and the environment and how logics interpenetrate multiple levels of analysis from the social psychological to the levels of the organizational field and societal sector. These approaches are less focused, however,

on the role of institutions and institutionalization in shaping logics than the approaches of Friedland and Alford (1991) or Jackall (1988). While sharing with the institutional logics perspective a focus on culture as a source of agency (Swidler, 1986; DiMaggio, 1997), these precursors differ from an institutional logics approach by deemphasizing the structural and normative constraints imposed by institutional logics.

META-THEORY OF INSTITUTIONAL LOGICS

The institutional logics approach incorporates a broad meta-theory on how institutions, through their underlying logics of action, shape heterogeneity, stability and change in individuals and organizations. Not all aspects of the meta-theory have been incorporated into every application of the institutional logics perspective, due to differences among authors in emphasis, and partially to the limitations of the journal publication process. Here we propose five principles that in our judgment underlie the meta-theory and provide opportunities for theoretical development and refinement.

Embedded agency

Perhaps the core assumption of the institutional logics approach is that the interests, identities, values, and assumptions of individuals and organizations are embedded within prevailing institutional logics. Decisions and outcomes are a result of the interplay between individual agency and institutional structure (Jackall, 1988; Friedland and Alford, 1991; Thornton and Ocasio, 1999). While individual and organizational actors may seek power, status, and economic advantage, the means and ends of their interests and agency are both enabled and constrained by prevailing institutional logics (Giddens, 1984; Sewell, 1992).

This assumption, which over time has become known as embedded agency (Seo and Creed, 2002; Battilana, 2006; Greenwood and Suddaby, 2006), distinguishes an institutional logics approach from rational choice perspectives on institutions (North, 1990; Ingram and Klay, 2000) which presume individualistic interests. This assumption also distinguishes an institutional logics approach from macro structural perspectives which emphasize the primacy of structure over action (DiMaggio and Powell, 1983; Meyer et al., 1987; Meyer et al., 1997; Schneiberg and Clemens, 2006) and Parsonian (Parsons 1956) perspectives on institutions, which posit a separation of institutional from economic or technical sectors (e.g., Meyer and Scott, 1983).

The embeddedness of agency presupposes the partial autonomy of individuals, organizations, and the institutions in society in any explanation of social structure or action (Friedland and Alford, 1991). Society consists of three levels – individuals competing and negotiating, organizations in conflict and coordination, and institutions in contradiction and interdependency. All three levels are necessary to adequately understand society; the three levels are nested (embedded) when organizations and institutions specify progressively higher levels of constraint and opportunity for individual action.

Rather than privileging one level over another, this perspective suggests that while individual and organizational action is embedded within institutions, institutions are socially constructed and therefore constituted by the actions of individuals and organizations (Berger and Luckmann, 1967). This suggests that cross-level effects are critical. One limitation, however, is that most research, whether theoretical or empirical, tends to emphasize one level over another. Friedland and Alford (1991), despite their direct call for multiple levels, emphasized the role of the societal level. Recent work on institutional entrepreneurship (Battilana, 2006; Greenwood and Hinnings, 2006) has incorporated the relationship between

levels as an important mechanism for organizational and institutional change.

Society as an inter-institutional system

The main innovation of Friedland and Alford (1991) is to conceptualize society as an inter-institutional system. To locate behavior in a context requires theorizing an inter-institutional system of societal sectors in which each sector represents a different set of expectations for social relations and human and organizational behavior. In Friedland and Alford's words, the capitalist market, bureaucratic state, democracy, nuclear family, and Christian religion are key institutional sectors, each with its own distinct logic. Thornton (2004: 44–45) elaborated this typology in a review of a series of empirical studies to include six sectors – markets, corporations, professions, states, families, and religions.

Viewing society as an inter-institutional system allows sources of heterogeneity and agency to be theorized and to be observed from the contradictions between the logics of different institutional orders. There is not just one source of rationality, as in world systems approaches (Meyer et al., 1997), but multiple sources. Rather than positing homogeneity and isomorphism in organizational fields, the institutional logics approach views any context as potentially influenced by contending logics of different societal sectors. For example, the health care field is shaped by the institutional logics of the market, the logic of the democratic state, and the professional logic of medical care (Scott et al., 2000).

The inter-institutional system enables two advances in institutional analysis. First, it is non-deterministic, that is no institutional order with its accompanying principles of organization and logics of action is accorded causal primacy a priori. Second, the inter-institutional system provides researchers with an understanding of the institutional foundations of categories of knowledge.

Key constructs in the analysis of organization, such as efficiency, rationality, participation, and values are not neutral, but are themselves shaped by the logics of inter-institutional system. As posited by Friedland and Alford (1991: 260) 'Categories of knowledge contribute to and yet depend upon the power of institutions which make them possible. Without understanding the historical and institutional specificity of the primary categories of analysis, social scientists run the risk of elaborating the rationality of institutions they study, and as a result become actors in their reproduction.'

The material and cultural foundations of institutions

A key assumption of an institutional logics perspective is that each of the institutional orders in society has both material and cultural characteristics (Friedland and Alford, 1991). For example, both the family and religion, while typically not considered part of the economic sphere, are directly involved in the production, distribution, and consumption of goods and services (Becker, 1976). Similarly, markets, while often not considered part of the cultural sphere, are directly shaped by culture and social structure, including networks of social relationships as well as structures of power, status, and domination (Granovetter, 1985). Rather than privileging material or cultural explanations of institutions, an institutional logics perspective recognizes that institutions develop and change as a result of the interplay between both of these forces.

In explaining human behavior and organizational structure, Friedland and Alford (1991) argued that theories which 'retreat from society,' – emphasizing market mechanisms to aggregate individual utilities and preferences, organizational competition, technology, and resource dependence – begin to fail. Instead, institutional sectors, for example families, professions, states, and religions locate the origins of values and

utilities – and these values and utilities cannot be traded off as simple economic alternatives. Thus, an important underlying assumption is not whether motivation and action are rational or irrational; instead the argument is how the comparative conflict and conformity of institutional logics (which are both material and cultural) influence human and organizational behavior (Thornton, 2002).

This assumption reflects a cultural turn in the study of conflict and agency. This cultural turn is motivated by the thorny question of how individual agents know they have economic or political struggles on their hands and what is an appropriate way to respond to them. For example, Thornton and Ocasio (1999) and Thornton (2004) showed that resource competition was actually greater in higher education publishing in the era of the editorial logic – but this competition was interpreted differently and responded to in a non-conflictual manner. With the rise of a market logic, resource competition, although less significant, had greater effects on organizational actions and decisions. Stinchcombe (2002: 429) has commented around this issue – needing culture to define the meaning of power and competition – viewing it as a causal sequencing problem. His argument is that if power is theorized as a first-order construct in explaining change, independently of culture, two problems need to be addressed. First, power is created in the course of action: it does not occur prior to the action that it explains. Second, the decision to use power is an intentional, strategic choice; however, it is not always possible for actors to know the cultural framing or menus of available options in advance of any action. Thus, instrumental political theories of action may be incomplete explanations because the necessary sequence of events is unlikely to occur. Consequently, cultural explanations are necessary adjuncts to structural explanations.

In making way for the role of culture in shaping action, institutional logics incorporate both the symbolic and the

normative components of culture. Following Geertz (1973) and Douglas (1986), DiMaggio and Powell (1991) and Friedland and Alford (1991) highlighted the symbolic and cognitive dimensions of institutions and institutional logics. But symbolic and cognitive explanations of institutions and institutional logics are incomplete without also incorporating the normative dimensions (Hirsch, 1997; Mizruchi and Fein, 1999). Sociologists, rejecting the strong view of internalization of universalistic values and cultural norms proposed by Parsons (1951) and early Merton (1957), have been reluctant to rely on social norms as an explanation for behavior. Even DiMaggio and Powell (1983), in discussing the normative forces driving isomorphism, emphasized the role of formal education, legitimating authorities, and professional networks, with an unclear role for social norms, per se. An institutional logics approach, in contrast, emphasizes how institutions provide social actors with a highly contingent set of social norms (Jackall, 1988), where behavior is driven not by a logic of consequences but by a logic of appropriateness (March and Olsen, 1989).

The requirement of norms as a critical dimension of institutions and their underlying logics does not imply universalism, moral behavior by individuals, nor deeply internalized values, all part of Parson's (1951) conceptions of norms. An institutional logics approach shares with Granovetter (1985) and others the over-socialized critique of Parsons, while at the same time suggesting that ignoring norms implies an under-socialized view of individual and organizational behavior. A focus on identification (see below) as the mechanism by which cultural norms exert their effects over individuals and organizations (Kelman, 1956, 2006; O'Reilly and Chatman, 1996) distinguishes an institutional logics approach from an over-socialized conception of institutions that focuses on internalization and value commitments and an under-socialized conception that focuses

on resource dependencies and political interests.

An institutional logics approach views norms as drawn from experience and exemplars of the institution (Jackall, 1988; Ocasio, 1999). Norms imply ambivalence about universalistic principles, with both dominant and subsidiary norms co-existing. This suggests a probabilistic, rather than a deterministic view of adherence to dominant norms of behavior, and the identification of specific contingencies where subsidiary norms prevail.

Institutions at multiple levels

The institutional logics approach as meta-theory provides tremendous capacity to develop theory and research across multiple levels of analysis. For Friedland and Alford (1991) the focus was on societal-level logics and their effects on individuals and organizations. But the meta-theory that has emerged is broader, and institutional logics may develop at a variety of different levels, for example organizations, markets, industries, inter-organizational networks, geographic communities, and organizational fields. This flexibility allows for a wide variety of mechanisms to be emphasized in research and theoretical development and may be one reason the term institutional logics has caught on among scholars (Kuhn, 1962).

Theoretical mechanisms are elements of theory that operate at a different level of analysis (e.g., individuals or organizational fields), than the main phenomenon being theorized about (e.g., organizations or groups). To identify the effects of mechanisms across levels of analysis makes the theory more precise as well as more general (Stinchcombe, 1991). Therefore, to apply the institutional logics meta-theory it is critical that the level of analysis at which institutionalization occurs be clearly specified, whether at a societal level (Friedland and Alford, 1991), or at other levels.

For example, Haveman and Rao (1997), in their study of the coevolution of institutions

and organizations in the California thrift industry, studied how with the rise of Progressivism, changes in institutional logics at the societal level affected the formation of distinct organizational forms at the industry level. In particular, their analysis shows how plans that embodied bureaucratic logics and rational decision making were more likely to thrive than those that embodied a community logic and mutual cooperation among actors. The emphasis here is on institutional logics at the societal level affecting the selection of alternative forms at the organizational level. A secondary, and less developed, aspect of the coevolutionary process in the paper suggests that as organizational forms that embody a particular institutional logic evolve and become institutionalized at the industry level, the corresponding societal-level institutional logics further evolves and becomes further institutionalized.

The emphasis on societal-level institutions is illustrated by the work of Bhappu (2000), which draws on anthropological analysis of the ancient Japanese family system to argue how the institutional order of the family is the origin of the institutional logic of Japanese corporate networks. Scott et al. (2000) examine how societal-level professional, government, and managerial-market logics shape the transformation of the health care organizational field, from one dominated by professional logics to one where the three logics co-exist and no single one dominates.

In Jackall's (1988) ethnographic analysis, the emphasis is on institutionalization at the organizational level. Here the focus in on the structures of managerial careers and how they shape the formation of a managerial ethos that shapes decision making and action in organizations. The formal structures of the organizations combine with institutionalized practices of fealty and patronage to create an institutional logic termed patrimonial bureaucracy. While clearly focusing on organizational-level institutionalized practices, Jackall's analysis suggests how these practices also reflect cultural forces at the societal level. Jackall argues that the formal bureaucratic logic, as characterized by Weber ([1922] 1978), had little affinity with American individualistic affinities and cultural values, with the hybrid logic of patrimonial bureaucracy thereby emerging.

Thornton and Ocasio (1999) focus on the formation of industry-level institutional logics in higher education publishing. They propose that industries are a relevant boundary for establishing institutional logics because producers in an industry establish a common identity through social comparisons, status competition, and structurally equivalent network positions (White, 1992). Their analysis and the subsequent research by Thornton (2001, 2002) focus on the effects of shifts, at the industry level, from an editorial logic to a market logic. While focusing on industry-level logics that both emerge from and sustain market competition, these logics do not emerge in the industry de novo, but are shaped by higher-order societal professional and market logics. The link between industry-level logics and the logics of the inter-institutional system is further developed by Thornton (2004).

Research on institutional logics adopting a field-level perspective has emphasized the existence of competing logics within the field. For example, in a qualitative analysis of U.S. academic health centers, Kitchener (2002) explores the effects of competing managerial and professional logics on the responses to merger initiatives. Reay and Hinings (2005) adopt a similar approach in their analysis of structural change in Canadian health care organizations. Greenwood and Suddaby (2006) focus instead on contradictions between institutional logics in organizational fields and suggest that boundary bridging organizations are sources of change in institutional logics (see below). Lounsbury (2007) examines competing trustee and professional logics in the mutual fund industry. In his analysis geographic communities are also a source of institutionalization of logic, as Boston and New York are centers of the

trustee and professional logics respectively, leading to different patterns of organizational change in the two areas.

The variety of levels of analysis studied suggests the fecundity of the institutional logics perspective. The breadth of the meta-theory may have encouraged imprecision in research, and it could be inferred that any logic or interpretive scheme, at any level of analysis, may be characterized as an institutional logic. We suggest otherwise. Institutional logics are more than strategies or logics of action as they are sources of legitimacy and provide a sense of order and ontological security (Giddens, 1984: Seo and Creed, 2002). Research on competing institutional logics, as some of the work on organizational fields described above, often is not precise on the level of which logics become institutionalized, or whether they should be considered institutional logics at all.

Historical contingency

Historical contingency is a key meta-theoretical assumption of the institutional logics approach. In general this assumption is consistent with institutional theory, which focuses attention on how larger environments affect individual and organizational behavior. While the six institutional orders of the inter-institutional system in western societies previously identified have remained influential, empirical observation also informs us that they differed in development and importance over time. For example, modern societies have greater emphasis on corporate and state influences and earlier societies in general emphasized family and religion to a larger extent. In particular, during the last 30 years the prominence of market logics has been found in multiple studies in various contexts, including Thornton and Ocasio (1999) in higher education publishing, Scott et al. (2000) in health care, Lounsbury (2002) in financial intermediation, Zajac and Westphal (2004) in equity markets, and Meyer and Hammerschmidt (2004) in public management.

Zajac and Westphal's analysis of historical contingency in financial markets (2004) is notable in viewing markets themselves as shaped by institutional forces. The paper finds that the emergence of an agency perspective in the 1980s led to historical shifts in stock market response to stock repurchases, from an unfavorable reaction, consistent with a professional logic, to a favorable one, consistent with an agency logic. The paper suggests that the market's reaction to particular corporate practices are not, as financial economists contend, simply a function of the inherent efficiency of such practices, but are influenced by the prevailing institutional logic.

However, note with the current rise of religion in world discourse that institutional logics, both in their elaboration and relative pattern of dominance between institutional orders, are not simply an evolutionary or linear model of development driven by scientific progress or market rationalization. Here the institutional logics approach departs distinctly from Meyer and his colleagues' work noted earlier on modern rationalization. For example, Thornton, Jones, and Kury (2005) illustrate other models of the historical contingency of institutional logics that show cyclical or punctuated equilibrium functional forms in their comparison of the cases of accounting and architecture.

Many studies reveal findings that are valid in one historical time period but not in others. Thornton (2004: 127) presents a meta-analysis partitioning the findings on the higher education publishing studies by universal and particular effects. Founder and ownership effects were found to be universal across time, whereas relational and structural effects were particular to a historical period in which an institutional logic prevailed. Many findings typically predicted by resource dependence and economic theories are found to be historically contingent. Note that the models in this meta-analysis controlled for differences in organization age, size, and resource competition and other macro economic variables. Note also that the meta-analysis

design controls for differences in industry, product market, data set, population and sampling methods, and statistical modeling procedures. The universal founder effect suggests the persistence of individual entrepreneurs or leaders to hang tough on a logic of action, regardless of contradictory logics prevailing in their surrounding environment.

The objective of recognizing historical contingency as a meta-theoretical assumption is to explore if the effects of economic, political, structural, and normative forces affecting individuals and organizations are indeed historically contingent. Moreover, the goal is not to develop universal theories of organizational behavior and structure but to examine whether such theories, often assumed to be universal through time and space, are instead particular to historical time and cultural environments (Thornton, 2004: 130–133).

INSTITUTIONAL LOGICS AS METHOD OF ANALYSIS

Theory and methods go hand-in-hand and the meta-theoretical principles reviewed in the preceding section have been examined through the creative development of methods. While many social science researchers have been skeptical of cultural effects (DiMaggio, 1994), in our view researchers are rising to the challenges of measuring the effects of content, meaning, and change in institutions using the institutional logics perspective. In this endeavor, we comment on the use of event history analysis, interpretive methods, triangulation, and ideal types.

Foundational studies have combined event history (Tuma and Hannan, 1984) and interpretive methods, for example from archival records (Haveman and Rao, 1997), personal interviews (Thornton and Ocasio, 1999), and content analysis of professional journals (Scott et al., 2000). Event history models typically use historical time (not organization age) as the clock, particularly when historical

contingency is a focus of the analysis (Thornton, 2004: 126–127). They also can accommodate data at multiple levels of analysis, for example at the individual, organizational, and environmental – making it possible to partition material from cultural effects (DiMaggio, 1994). The challenge of measuring cultural effects is often approached by examining how one or more of the institutional orders of the inter-institutional system are changing in its strength of influence on individual and organizational behavior. These types of studies require identifying a scientific boundary to draw a population or sample for hypothesis testing – such as an industry, market, or profession. Note that the organizational field concept is problematic in this sense, unless it can be defined, for example as a geographic community, positional community, i.e. CEOs of Fortune 500, or inter-organizational network.

The development of interpretive methods enriches the possibilities of the types of data and data gathering methods available for researchers to examine the content and meaning of institutions. Scott et al. (2000), for example. used content analysis of publications to identify the key terms important to the actors of the professions and corporate institutional orders of the health care system and then measured the frequency of vocabularies associated with the institutional orders, signaling the emergence and decline of these alternative institutional logics.

Phillips and Hardy (2002: 55) define methods from discourse theory and describe how they have been borrowed to further develop institutional theory and methods. Data sources include, for example, interviews, focus groups, archival documents and records, naturally occurring conversations, political speeches, newspaper articles, novels, stories, cartoons, and photographs. Methods of analysis include, for example, genealogy, ethnography, conversation analysis, content analysis, narrative analysis, critical discourse analysis, and rhetorical analysis that make use of a variety of 'texts,'

including spoken words, pictures, symbols, and cultural artifacts among others. Suddaby and Greenwood (2005), for example, used rhetorical analysis of vocabularies (words) to expose contradictory institutional logics embedded in historically different understandings of professionalism to explain the multidisciplinary partnership as a new organizational form.

While this vibrant resurrection and development of qualitative methods strengthens the capacity to interpret meanings, we caution that the strength of the foundational studies of the institutional logics perspective has been on triangulation of types of data and methods of analysis – being reliant on both qualitative and quantitative methods. One method that integrates interpretive and hypothesis testing approaches is the use of ideal types.

Ideal types are a method of interpretive analysis for understanding the meaning that actors invest their actions with. They were first developed by the classic theorists as a theoretical tool to facilitate intelligible comparisons (Weber, 1922). Researchers have further developed this method of analysis to suggest testable hypotheses (Thornton and Ocasio, 1999).

In theory building, ideal types require the development of formal typologies composed of two parts: (a) the description of ideal types and (b) the set of assertions that relate the ideal types to the dependent variable (Dotty and Glick, 1994). While often derived from empirical observation, ideal types are not for describing an organizational field, but instead are theoretical models for comparing the effects of various meanings in a location with a definable boundary. They do not precisely conform to reality because of deliberate simplification to afford comparative analysis and multidimensional classification of phenomena not restricted by the events of the selected cases. Ideal types assign a hypothetical meaning that can be used as a yardstick to compare and contrast hypothesized and actual meaning and behavior.

Swedberg (2005: 3), in drawing from Weber, gives an example. 'When the wood-cutter brings down his axe on the wood, it can be a case of wage labor, provision for one's household, or form of recreation – and which one it is depends on the meaning with which the action is invested.' In the Appendix we include examples of ideal types developed from the analysis of the effects of institutional logics in three industries, higher education publishing, accounting, and architecture.

DiMaggio's (1991: 271) analysis of the two models of organizing art museums is a precursor to bringing back the use of ideal types in institutional analysis. His categories on the Y axis focused on the mission, definition of art, legitimate perception, education, major publics, control, strategy, building, and living artists – showing how the X axis specifies the Gilman and Data models varied on these universal dimensions. Rao et al. (2003) also used ideal types in their characterization of classical and nouvelle French cuisine to understand how new logics displaced old and ushered in new role identities. Their categories on the Y axis examine the dimensions of culinary rhetoric, rules of cooking, archetypal ingredients, role of the chef, and organization of the menu – showing how the X axis defined the two characteristics of classical and nouvelle cuisines. However, what is the causal connection between DiMaggio's and Rao et al.'s ideal types and the inter-institutional system? Should we, for example, intuit that the Gilman Model was influenced by the institutional logics of the family and the Data Model by the logics of the professions and the state?

Thornton and Ocasio (1999: 808–809) and Thornton (2004) explicitly anchor the higher education publishing ideal types in the domains (orders) of the inter-institutional system – revealing their origins. Their categories on the Y axis examined form of capitalism, organizational identity, legitimacy, authority structures, mission, focus of attention, strategy, logics of investment, and rules of succession – showing how the X axis

specifying the editorial and market logic varied on these general elements. Once derived from interview and archival data they pushed the standards further by externally validating the ideal types with publishers' experiences and their use in the Stanford University Publishers College.[1]

HOW LOGICS SHAPE INDIVIDUAL AND ORGANIZATIONAL ACTION

Collective identities and identification

A mechanism by which institutional logics exert their effects on individuals and organizations is when they identify with the collective identities of an institutionalized group, organization, profession, industry or population (Tajfel and Turner, 1979; March and Olsen, 1989). A collective identity is the cognitive, normative, and emotional connection experienced by members of a social group because of their perceived common status with other members of the social group (Polleta and Jasper, 2001). Collective identities emerge out of social interactions and communications between members of the social group (White, 1992). As individuals identify with the collective identity of the social groups they belong to they are likely to cooperate with the social group (Tyler, 1999; Brickson, 2000), abide by its norms and prescriptions (March and Olsen, 1989; Kelman, 2006), and seek to protect the interests of the collective and its members against contending identities (Tajfel and Turner, 1979; White, 1992).

Individuals are members of multiple social groups with a collective identity, including professions and occupations (Abbott, 1988; Fine, 1996; Glynn, 2000), gender, racial and ethnic groups (Cerulo, 1997; Lamont and Molnar, 2002), social movements (Benford and Snow, 2000; Rao et al., 2003), and individual organizations (Selznick, 1957; Albert and Whetten, 1985; Dutton and Dukerich,

1991). Collective identities also emerge among populations of organizational forms (Haveman and Rao, 1997; Carroll and Hannan, 2000), market competitors (Porac et al., 1989; White, 1992; Peteraf and Shanley, 1997; Thornton and Ocasio, 1999), and industry associations (Aldrich and Fiol, 1994; King and Lenox, 2000).

As collective identities become institutionalized, they develop their own distinct institutional logic, and these logics prevail within the social group (Jackall, 1998). These effects of institutional logics are emphasized, among others, in the work of Haveman and Rao (1997), on the theory of moral sentiments embodied in the collective identities of organizational forms; in Thornton and Ocasio (1999)'s shift from an editorial logic to a market logic in the collective identity of competitors in the higher education publishing market; in Jones and Livne Tarandach's (Forthcoming) rhetorical strategies of architects based in the institutional logics of business, profession, and state that focus attention on distinct competencies – servicing clients, building great architecture, or managing facilities, and in Lounsbury's (2002) analysis of collective identities embodied in professional associations in the field of finance. In all of these cases, albeit at different levels of analysis, identification with the respective institutional logics occurs directly, as the identification with the collective is equivalent to the identification with the institutional logic prevailing in the collective, whether they are organizational forms, market competitors, or professional associations, or any other social grouping.

Contests for status and power

The contests for status and power are relatively universal mechanisms for individual and organizational actions. However, an institutional logics perspective suggests that these mechanisms are conditioned by prevailing institutions (Fligstein, 1996;

Thornton and Ocasio, 1999; Lounsbury and Ventresca, 2003). While power and status differences are present in all organizations, researchers can identify the sources of power and status, their meaning and consequences by understanding how these power and status differences are associated with the prevailing institutional logic. Institutional logics shape and create the rules of the game, the means-ends relationships by which power and status are gained, maintained, and lost in organizations (Jackall, 1988; Ocasio, 1999; Lounsbury and Ventresca, 2003). Social actors rely on their understandings of institutional logics in the competition for power and status and in doing so generate the conditions for the reproduction of prevailing logics.

For Jackall (1988), competition for power, status, and position in organizations shapes the creation and reproduction of a patrimonial bureaucratic logic in U.S. corporations. Managers, driven by career concerns, establish and maintain a system of patronage and fealty, where strong social ties to those in position of authority determine power and privilege in organizations. Achieving career success requires social actors to play by the rules, with language use and symbolic management serving to reproduce the formal structure, while promotion patterns parallel the patrimonial structure, serving to reproduce the informal status hierarchies and power structures.

Thornton and Ocasio (1999) focus on the link between institutional logics and power structures. They find that under an editorial logic, publishers' means and ends are shaped by author-editor relationships, and power structures are determined by organization size and structure. Under a market logic, publishers' means - end relationships are shaped by resource competition and acquisitions, and power structures are determined by competition in the product market and the market for corporate control.

Lounsbury (2002) focuses on status competition and status mobility in the field of finance. A shift from a regulatory logic to a market logic created a shift from status driven by reputation within business practice to reputation driven by normative conformity to increasingly mathematical economics. Professional finance associations led the transformation to a market logic in this field. New professions such as money management and securities analysis helped diffuse new financial theories such as portfolio and risk management, and status within the field became increasingly determined by familiarity and expertise with new financial theories. As social actors gained status and position by their reliance on financial theories, the market logic gained prominence in the field.

Zhou (2005) relies on an institutional logic perspective to explain occupational prestige ranking. Building on Weber's argument that social statuses or social honors are related, but distinct from one's economic resources or structural positions, Zhou is searching for an explanation of how a hierarchical ordering of occupations must be recognized through a meaning system shared by members of the same community. He proposes an institutional logic of social recognition to explicate the causal mechanisms. What is appropriate and legitimate must be seen as transcending self-interests and group boundaries, and be accepted by a large audience. Overall, occupation prestige should vary systematically with the basis for making legitimate claims and with group membership as a function of their inclusion into the realm of a shared institutional logic (Zhou, 2005: 98).

Classification and categorization

A key mechanism by which institutional logics shapes individual cognition is through social classification and categorization (DiMaggio, 1997). Cognitive psychologists emphasize the importance of categories in shaping individual cognition (e.g., Rosch, 1975; Medin, 1989). While psychologists who study categories typically emphasize the study of categories of objects occurring in nature, the classification and categorization

of social and organizational categories is determined by social institutions (Douglas, 1986; Searle, 1995). Given the institutionalization of categories, individuals take for granted that the categories of organizing activity such as CEO, return on assets, human resources, corporate governance, multidivisional structures, patents, restaurants, to name but a few common subjects of study, are not categories that exist in nature but socially constructed, institutional categories (Berger and Luckmann, 1967).

Institutional logics provide agents within organizations with socially constructed systems of classifications that constitute categories of social actors (Mohr and Duquenne, 1997), organizational forms (Haveman and Rao, 1997), products (Lounsbury and Rao, 2004), and organizational agendas (Ocasio and Joseph, 2005). Changes in institutional logics lead to the creation of new categories (Rao et al., 2003) and to changes in meaning of existing categories (Ruef, 1999; Ocasio and Joseph, 2005). Categories, as a basic unit of cognition, do not imply mindless cognition, as do schemas and scripts, but are a necessary component of all mindful, agentive behavior.

Mohr and his collaborators have emphasized the link between systems of categories and institutional logics. Mohr and Duquenne (1997) analyze the changing institutional logics in poverty relief by examining how they provide a different system of classification of the poor (distressed, destitute, fallen, deserving, homeless, indigent, misfortunate, needy, poor, stranger, and worthy) and the categorization of organizational practices (giving advice, giving food, giving money, paying a person to chop wood, placing a relief applicant in an asylum, and so on). Mohr and Guerra-Pearson (Forthcoming) studied how categories of actors, organizational forms, and organizing activities varied by competing institutional logics. Breiger and Mohr (2004) develop network methodologies among systems of categories to empirically measure institutional logics.

Categorization processes have been particularly central to work on institutional logics that focuses on logics residing in competing organizational forms (Haveman and Rao, 1997; Rao et al., 2003). Distinct categories of forms are shaped by changes in societal level institutional logics (Haveman and Rao, 1997). At the organizational field level, Rao et al. (2003) explore how changes in the categories of French cuisine led to self-categorization by industry entrepreneurs and triggered institutional transformation. Rao et al. (2005) explored how organizational change occurs through bricolage among categories of organizational products associated with alternative institutional logics.

Research has also explored how changing logics lead to changes in the meaning of existing categories. Ruef (1999) explores the shift to a market logic in the heath care field by examining the changing systems of categories that underlie discourse among technical, managerial, and policy-oriented health care professionals. Ruef's analysis focuses on the relationships among linguistic categories and finds that a historical shift in logics results in changes in the meaning of underlying categories of organizational forms. With the rise of a market logic there is increased integration of issues of financing and risk bearing across the various forms in the organizational field, and less focus across the spectrum on issues of access. With the rise of a market logic the meaning of a hospital or a health maintenance organization shifts, as do other organizational forms, with less differentiation among forms in their focus on financing.

Attention

Contemporary perspectives on organizational attention emphasize how organizational responses to economic and social factors are mediated by the attention of organizational decision makers (Ocasio, 1995, 1997). Theoretical and empirical research provides key mechanisms to explain

how institutions moderate organizational attention.

In a theoretical analysis of how organizations respond to economic adversity, Ocasio (1995) proposed that institutional logics affect the allocation of attention to alternative schemas for perceiving, interpreting, evaluating, and responding to environmental situations. According to theory of allocation of attention, institutional logics provide individuals and organizations with a set of rules and conventions – for deciding which problems get attended to, which solutions get considered, and which solutions get linked to which situations (March and Olsen, 1976). Ocasio (1997) suggests two mechanisms by which institutions structure attention: (1) by generating a set of values that order the legitimacy, importance, and relevance of issues and solutions; and (2) by providing decision makers with an understanding of their interests and identities. These interests and identities generate in turn a set of decision premises and motivation for action.

Thornton and Ocasio (1999) developed the role of industry-level institutional logics in structuring attention in organizational decisions on executive succession. The theory was further developed in application to decisions on acquisitions (Thornton, 2001), and the rise of multidivisional structures (Thornton, 2002) in the higher education publishing industry. The core of the argument in these empirical studies is that institutional logics focus the attention of decision makers on issues and solutions that are consistent with prevailing logics. Institutional logics focus attention on issues and solutions through a variety of mechanisms, including determining their appropriateness and legitimacy, rewarding certain forms of political behavior in organizations, shaping the availability of alternatives, and selectively focusing attention on environmental and organizational determinants of change. A key finding of these empirical analyses is that the effects of resource competition and resource dependencies are not universal effects, but are contingent on organizational attention to market forces that are salient under a market logic, but not under an editorial logic. Thornton (2004: 44–45) further developed the role of institutional logics in structuring attention by linking these organization and industry level analyses to societal-level institutional logics. Relying on content analysis, Glynn and Lounsbury (2005) examine the shifts in focus of attention by newspaper critics of the Atlantic Symphony Orchestra from an aesthetic logic prior to a strike at the orchestra to a market logic post-strike. Consistent with the effects of institutional logics on attention, they find that pre-strike newspaper critics, in their reviews, focus attention on the virtuosity and musical interpretation (associated with an aesthetic logic) and post-strike critics increased their attention to ticket sales, production of recordings, and audience reactions (consistent with a market logic). The ascendancy of the market logic did not imply, however, a rejection of aesthetic concerns, but the blending of the two logics.

In his study of competing logics in the mutual funds industry, Lounsbury (2007) relies on attention as a mechanism to show how non-growth funds and Boston-based funds focus attention on the issue of product costs, while growth funds and New York-based funds focus attention on the issue of fund performance. The empirical results support this argument, demonstrating how the effects of market forces are contingent on prevailing organizational logics, as mediated through processes of attention.

CHANGE IN INSTITUTIONAL LOGICS

'How can actors change institutions if their actions, intentions, and rationality are all conditioned by the very institution they wish to change' (Holm, 1995: 398). The institutional logics approach sheds light on this problem of embedded agency by conceptualizing society as an inter-institutional system

in which logics are characterized by cultural differentiation, fragmentation, and contradiction (DiMaggio, 1997). This differentiation, fragmentation, and contradiction is evident both within and between institutional orders (Friedland and Alford, 1991). We focus on three mechanisms of change: institutional entrepreneurs, structural overlap, event sequencing, and a fourth topic, often an antecedent or consequence of change – competing institutional logics.

Institutional entrepreneurs

Institutional entrepreneurs are the agents that create new and modify old institutions because they have access to resources that support their self-interests (DiMaggio, 1988). By definition, institutional entrepreneurs can play a critical role in perceiving institutional differentiation, fragmentation, and contradiction by virtue of the different social locations they may occupy in the inter-institutional system and in taking advantage of the opportunities it presents for institutional change (Thornton, 2004). Fligstein (1997), for example, describes how entrepreneurs perceive and exploit contradictions in institutional logics to further their self-interest. DiMaggio (1988: 14–15) argues that the creation of institutions requires an institutionalization project in which the claims of institutional entrepreneurs are supported by existing or newly mobilized actors who stand to gain from the success of the institutionalization project (DiMaggio, 1991). The challenge for the institutional entrepreneur is to create an environment to successfully enact the claims of a new public theory. Sometimes this involves institutional entrepreneurs organizing from the center of an established environment (Suddaby and Greenwood, 2005) and at other times it may stem from the periphery of emerging fields (Maguire, Hardy, and Lawrence, 2004).

However, the environments that institutional entrepreneurs enact to garner control of resources are not just material, they are also symbolic. To use an analogy to the bricoler (Levi-Strauss, 1966), institutional entrepreneurs creatively manipulate social relationships by importing and exporting cultural symbols and practices from one institutional order to another. In theory, the different social locations of the institutional orders bring to light different cultural tools for institutional entrepreneurs (Thornton, 2004). Note the focus on cultural resources as distinct from material resources; culture being something people strategically use, deploy, and mobilize. This focus is consistent with the meta-theory of the institutional logics approach which views culture as both a motivation as well as a justification of action.

There are several mechanisms that institutional entrepreneurs use to manipulate cultural symbols and practices, for example story telling (Zilber, 2006), rhetorical strategies (Suddaby and Greenwood 2005; Jones and Livne-Tarandach, forthcoming), and tool kit approaches (Swidler 1986; Boltanski and Thevenot 1991).

Suddaby and Greenwood (2005) showed, for example, in their study of organizational forms in the accounting industry, how institutional entrepreneurs used 'rhetorical strategies' to reinterpret and manipulate prevailing symbols and practices. Rhetorical strategies or 'institutional vocabularies' were used by entrepreneurs to affirm or discredit the dominant institutional logic which defined the legitimacy of organizational forms. To discredit an institutional logic and bring about institutional change, entrepreneurs exposed the contradictions or ameliorated the contradictions by associating them with broader cultural analogies (Douglas, 1986; Strang and Meyer, 1994).

In returning to Holm's (1995) concern with embedded agency, Leca and Naccache (2006) argue from a critical realist perspective that the concept of institutional entrepreneur does not completely address the paradox of embedded agency because the concept by definition does not take into account the interrelated sequencing of

structures and actions and the causal emergent properties of both structures and actions. They argue for a critical realist approach in which actors use the causal powers of pre-existing structures to create new institutions or challenge existing ones. We highlight their important insight as it motivates our subsequent discussion of structural overlap and event sequencing.

Structural overlap

Structural overlap occurs when individual roles and organizational structures and functions that were previously distinct are forced into association (Thornton, 2004). Mergers and acquisitions are an example of structural overlap when organizational actors from divergent cultures are forced into association, triggering a change in institutional logics guiding the firm. Structural overlap across systems with differentiated logics creates contradiction in organizations and organizational fields, creating entrepreneurial opportunities for institutional change.

For example, Stovel and Savage (2005) showed how a merger wave exposed competing institutional logics and triggered the elaboration of the modern, mobile, bureaucratic career in the financial sector. Thornton, Jones, and Kury (2005) illustrated how the structural overlap when accounting firms incorporated management consultants into their organizations brought professional and market logics head to head and conflicted the focus of attention of accountants from overseeing the accuracy of client's books to using exposure to accounting ledgers to identify consulting clients. Greenwood and Suddaby (2006), in their analysis of a pioneering new organizational form, the multidisciplinary practice (MDP) within the field of business services, theorize a case of structural overlap in which elite organizations are more likely to come into contact with competing and contradictory logics because they bridge different organizational fields. They point out that this case of institutional change is interesting because it is inconsistent with extant theory which would predict change from the periphery, not the center of the field. They argue that contact with institutional logics in multiple and different organizational fields increases the awareness of and experiences with contradictions in logics, which lowers constraints and embeddedness of actors and enables central actors to become institutional entrepreneurs.

Event sequencing

Event sequencing is defined as the temporal and sequential unfolding of unique events that dislocate, rearticulate, and transform the interpretation and meaning of cultural symbols and social and economic structures (Sewell, 1996: 844). For example, this can be changes in cultural schemas, shifts of resources, and the emergence of new sources of power. As noted above, because structures are often overlapping, any rupture has the potential of cascading into multiple changes, particularly when the events are characterized by heightened emotion, collective creativity, and ritual. The accumulation of events can result in a path-dependent process in which shifts in the symbolic interpretation of events are locked in place by simultaneous shifts in resources. Such sequencing produces more events that reinforce or erode the dominance of the incumbent logic.

Event sequencing has been used as an analytical method to address the problem of embedded agency or what Barley and Tolbert (1997) term conflation and the problem of reducing structure to action or action to structure. (How such event sequences intersect to reveal causation has been extensively examined in the literature on historical comparative methods of analysis (Abbott, 1990; Griffin, 1992; Sewell, 1992, 1996)). There are several ways to assess the impact of event sequencing on institutional change – for example, nominal and ordinal comparisons and narrative analysis (Mahoney, 1999). These are different strategies of

macro-causal analysis – ways that researchers iterate between theory and history in identifying the causes of an outcome. The narrative analysis method is used to understand the ordering of circumstantial detail in searching for analogies that are the foundation for new and convincing accounts. In the institutional logics literature, it is the institutional orders of the inter-institutional system that provide the meta-theory which points to these analogies and that prevent the analysis from getting bogged down in the minutia of historical details.

For example, the case of the change in institutional logics in higher education publishing from 1958 to 1990, from an editorial (based in the logics of the family and the professions) to a market logic, reveals the causally linked events that interacted to produce a shift in the prevailing institutional logic (Thornton, 2004). Event sequencing is also shown to play a role in institutional change in the accounting profession (Thornton, Jones, and Kury, 2005). Hoffman and Ocasio (2001) theorize what determines public attention to events that trigger institutional change.

So what are the implications of individuals and organizations in a sea of cultural fragmentation and contradiction? It means that to study cultural institutions researchers need a theoretical framework that can accommodate how individuals' norms may deviate from norms at higher levels of analysis, for example at the level of individuals as distinct from corporate management or professional associations (DiMaggio, 1997: 265). This multi-level and multi-contextual requirement calls for a theory that conceptualizes how to partition 'units of cultural analysis' and the relations among them (Holm, 1995). We argue that the inter-institutional system is well suited to this task because each institutional order has distinct organizing principles, cultural symbols, and logics of action that clarify how to define units of cultural analysis. Culture is not just amorphously out there in 'thin air' as per the critique of culture as a world system, nor is

culture a monolithic and coherent influence on actors that results from socialization (Parsons, 1951). Instead, conceptualizing society as an inter-institutional system implies that the institutional orders have modularity and decomposable elements. The decomposable nature of institutional logics allows for theorizing the fragmented and contradicted nature of cultural influences, revealing this not only at different levels of analysis, for example individuals and organizations, but also in specific contexts in which individuals actively import and export elements of institutional logics across institutional orders (Thornton, 2004). Thus, the decomposability of the elements of the inter-institutional system makes it possible to observe the influence of cultural institutions from the standpoint of the vertical coherence and fragmentation of different levels of analysis, not only bottom up or top down (Schneiberg and Clemens, 2006), but also from the horizontal blending and segregating of the elements of different orders of the inter-institutional system. This, for example, enables theorizing institutional change processes such as bricolage, which is the creation of new practices and institutions from different elements of existing institutions (Levi-Strauss, 1966). Thus, in returning to the question of embedded agency, the institutional entrepreneur does not disembed from the social world to create change – structures and actions are separable (Leca and Naccache, 2006), allowing institutional entrepreneurs to hop and bridge from one social world to another. Our review leads us to be encouraged that literatures on organizations and culture are converging, creating these fresh views on the topic of agency.

Competing logics

A focus on competition between alternative institutional logics has guided research on institutional change. This diverse literature encompasses a wide variety of mechanisms to explain the effects of competing logics on change, including environmental selection pressures, political contestation, and social movements. We emphasize that competing

logics are not, by themselves, an explanation for change in institutional logics but an antecedent or a consequence. Moreover, competing logics can facilitate resistance to institutional change as in the case of the contest between the institutional logics of global corporate and local professional banking (Marquis and Lounsbury, 2007). The causal mechanisms for institutional change reside not in competition per se, but on a combination of the effects of market selection pressures, power of institutional actors, and changes in the relative prevalence of societal-level institutional logics, which unfortunately in many studies is typically unspecified.

Much work has utilized both case and quantitative studies of competing logics in professional and occupational domains, for example finance, health care, accounting, and culinary. Comparing and contrasting studies across professional and occupational contexts reveals the vibrant ecology of competing institutional logics of the inter-institutional system.

Early research by Haveman and Rao (1997) on mutual funds, described above, adopted a selection meta-theory, positing how environmental selection pressures favored organizational forms more congruent with their institutional environments. Similarly, the Scott et al. (2000) historical account of the Bay Area health care system is exemplary in describing institutional change from a setting once dominated by the institutional logics of the medical professions to one greatly influenced by the logics of the state, the corporation, and the market. Their study shows how the logics of the state in terms of new regulatory systems disempowered those of the professions, in particular the more powerful and higher priced MDs, creating an avenue for managers of corporate logics in the form of managed care and new organizational forms such as Health Maintenance Organizations (HMOs), Point of Provider Organizations (PPOs), and surgicenters to become commonplace in the health care system.

Other studies on competing institutional logics highlight power struggles among proponents of alternative logics. Reay and Hinings' (2005: 375) description of the Alberta Canada case of health care services bears similarities. Their lens focuses on a recomposition of an organizational field in which competing institutional logics of medical professionalism versus business-like health care is driving a radical change process. They conceptualize the organizational field as a battlefield where power struggles motivated by competing institutional logics get played out. The structure of the field and the dominant institutional logic changed, but the previously dominant logic of medical professionalism was only subdued rather than eliminated. The power ended up being distributed between the two powerful actors – the physicians and the government – creating a countervailing or stabilizing tension.

Meyer and Hammerschmid (2006: 1012) analyze to what extent an old administrative orientation is being replaced with a new managerial logic in the Austrian public sector. They trace institutional change by observing how state bureaucrats make use of social identities that are derived from competing institutional logics. They have found evidence of the formation of a new managerial identity created by individuals who mixed a new orientation with more orthodox beliefs on public administration.

Research on competing logics has also incorporated a social movement perspective. For example, Rao, Monin, and Durand (2003) show how social identity movements underpin reinstitutionalization in the culinary professions by contrasting the institutional logics of the classic and nouvelle cuisine movements. Change in logics and change in the adherence to a logic take place through four mechanisms, the sociopolitical legitimacy of food critics as activists, the theorization of new roles, prior defections by peers and gains to peers, and gains to defectors as identity-discrepant cues. In essence, institutional logics and professions undergo change

when activists gain control of professional societies, critique the traditional logic, and proffer a solution hinging on a new institutional logic. Note, the theory doesn't foreshadow why critic activists chose to engage in an institutional deconstruction project. One can surmise the influence of other social movements that are supported by other domains in the professions and even other institutional orders, for example the more generic health movement.

Overall, the studies of competing institutional logics focus either on strategies of action at a lower level of analysis, for example an organizational field, for example Reay and Hinings (2005), or on how a higher-level institutional logic at the societal-sector level transforms strategies of action in a lower-level domain, for example Haveman and Rao (1997) and Meyer and Hammerschmid (2006). This difference may be partly reflected in the research design, for example the qualitative study of a case versus the quantitative analysis of a specific instantiation of an institutional order. These differences may also be reflected in how the camera lens is focused. That is, if you get close to the action as qualitative researchers are able to do, one is more likely to interpret the action as a power struggle when indeed it may also reflect the operation of higher-level institutional forces.

MISCONCEPTIONS REGARDING INSTITUTIONAL LOGICS

With respect to the institutional logics approach there are several misconceptions in our view that we feel compelled to comment on. One is a continued juxtaposition between institutional and market structures (e.g., Greenwood and Suddaby, 2006). While markets are economic structures – they are also institutions. They function because of a set of formal laws and normative expectations about them and these normative expectations have changed through time and space.

A market in one historical and cultural context is not the same as a market in another (Fligstein, 1996). Similarly non-market institutions, such as professions, the family, and religion are also economic structures and are not independent from market forces of demand and supply (Friedland and Alford, 1991).

Second, institutional logics do not emerge from organizational fields – they are locally instantiated and enacted in organizational fields as in other places such as markets, industries, and organizations. Institutional logics stem from the institutional orders of the inter-institutional system (Friedland and Alford, 1991), not as commonly misconstrued from an organizational field (Scott, 2001: 139). Institutional logics through various mechanisms may get reshaped and customized in an organizational field. However, an organizational field is a level of analysis; it is a place where institutional logics get played out, but not by itself a theoretical mechanism. Friedland and Alford (1991: 244) have commented around this issue:

> defining the boundaries of an organizational field, within which there are strong pressures for conformity, is difficult and potentially tautological. The approach seems to assume that formal attributes of organizational fields can be specified independently of the institutional arena in which they are located. But, we would argue, it is the content of an institutional order that shapes the mechanisms by which organizations are able to conform or deviate from established patterns. These institutional orders, and the specific relations between them, delimit types of organizational fields.

Third, ideal types are not a description of what happens in an organizational field. Ideal types are formal analytical models by which to compare empirical observations across institutions. Therefore, ideal types are best developed at least in pairs, if not multiple characterizations. Instead, often what are often mischaracterized as ideal types are a description of a particular case study rather than a set of findings that can be refuted or generalized and aggregated.

Fourth, most studies of institutional logics do not in some way tie their analyses back to the institutional orders of the inter-institutional system. This is partly due to page limitation requirements of the journals and a focus on other alternative units of analysis. In other cases it appears due to the authors who do not focus on causal relationships both up and down stream. To simply and briefly recognize these multi-level relationships is important to further the development of the institutional logics approach as it systematically advances and foreshadows questions for future study. For example, why do culinary critics, the lynch pin of the four mechanisms that begin the shift in chef identities, decide to favor nouvelle over classic cuisine? Are these critics, for example, increasingly under market pressures or have professional pressures changed in some way?

SUGGESTIONS FOR FUTURE RESEARCH

The main intellectual hurdle in institutional analysis is in many respects the same as it is for sociological theory more generally. We need to better understand how macro-level states at one point in time influence individuals' orientations to their actions, preferences, beliefs; how these orientations to action influence how individuals act; and how the actions of individuals constitute the macro-level outcomes that we seek to explain. Moreover, how does the stability of institutional logics change systematically by level of analysis – is it more stable or changeable at the top or bottom, macro- or micro-level of analysis? This is a big theoretical question.

We need more work on the microfoundations of institutional logics. Work on institutional logics is inherently cross-level, highlighting the interplay between individuals, organizations, and institutions. While the embedded agency of actors is a key meta-theoretical assumption, as discussed above, a fully developed perspective on institutional

theory requires increased attention to its microfoundations. DiMaggio's (1997) paper on culture and cognition is a start, providing a link between the microfoundations of cognitive processes and the cultural structures inherent in institutional logics. But cognitive theory is only part of the story. The Carnegie School is another source and the recent call for a neo-Carnegie perspective may also yield answers (Gavetti, Levinthal, and Ocasio, 2007). Given the rejection of rational choice theory, how embedded interests, identity and commitments play a role is an important topic for further theoretical development and empirical research.

New methodologies that make use of web-based experiments show promise in research linking levels of analysis and also in partitioning causes and effects by level of analysis, helping to specify the underlying theoretical mechanisms (Thornton, 2004). For example, Salganik, Dodds, and Watts (2006) show the micro-macro linkages in how people select songs. This partitioning also should address the meta-theoretical assumption of incorporating both the material and cultural. However, incorporating both is not enough – what is needed is theory and methods to partition these effects – that is to understand the autonomy of culture from economy (DiMaggio, 1994).

Future research needs to move beyond implicit assumptions and to engage explicit discussion of the underlying theoretical mechanisms, that is the clear identification of the 'gears and ball bearings behind the statistical models' (Davis and Marquis, 2005). Without formalization of the theory and methods, studies of institutions cannot build upon or invalidate one another and the social science of institutions cannot grow systematically (Pfeffer, 1993). Instead, it will be forgotten as it was in the past (Hughes, 1939; Selznick, 1949, 1957).

Most research on institutional analysis has revealed the effects of market rationalization or state regulation; the latter is more about resource dependence than institutional analysis. In theory, other underlying patterns of institutional change should exist. Given the

interpenetration of institutions across levels this raises the question of what implications this has for the rise of market logics in societal sectors where you would not expect to see markets operating, such as in the case of families and the rising salience of religions in a world system.

Institutional change occurring in the global multi-national context provides fertile ground for new research. Contrary to Friedland and Alford's (1991) formulation, the institutional logics perspective and in particular the inter-institutional system is an analytical tool not limited to expectations of Western culture. It is also useful in analyses of international contexts as evidenced by recent applications examining the influence of cross-national institutional logics on employee training (Luo, 2007) and business group restructuring in emerging economies (Chung and Luo, forthcoming).

We think there is a healthy growth of measurement strategies of institutional logics on the horizon. Most quantitative research on institutional logics has relied on indirect measures of institutional logics, attempting to bolster this approach by combining research methodologies and triangulating historical and interview methodologies with quantitative methodologies. Content analytic methodologies by Scott et al. have been attempted, albeit these have not been incorporated directly into the literature. Research on vocabularies and cultural structures provide opportunities in this area and the use of techniques employed in marketing such as focus groups and the field testing of ideal types. More cross-over research is needed between network and institutional scholars as network methodologies offer a well-established set of methods that can be used for direct measurement of the meaning of cultural categories (Breiger and Mohr, 2004).

How institutional logics become institutionalized and deinstitutionalized continues to be a vibrant vein of work. Synthesis of the state of what we know in this realm is needed. While work on institutional change has focused on the role of competing logics

in institutional change, we need work on institutional logics, at various levels, organizations, industries, fields, societies, and world systems can themselves be institutionalized and deinstitutionalized. In examining this issue it is important to distinguish between changes in logics and changes in practices. What constitutes an institution remains an unresolved conceptual issue for the field. How and why actors manipulate and switch institutional logics and in particular cases in which manipulations and switches are not supported by cultural analogy are important empirical papers to anticipate.

CONCLUSION

With the exception of DiMaggio and Powell's (1983) theory of isomorphism, institutional theory has lacked coherence. Subsequently, two papers have affected the abandonment of isomorphism theory and the cognitive meta-theory espoused by DiMaggio and Powell (1991), namely that of Kraatz and Zajac (1996) and Hirsch's (1997) (in our judgment inaccurate) critique of Scott's ([1995] 2001) emphasis on the cognitive perspective. The impact of these papers left institutional theory adrift with Scott's 'carriers' perspective. As a result, much of what is called institutional theory these days is not very institutional at all. Instead it is about resource dependencies, political struggles, social movements, and other mechanisms which, while important, are really about non-institutional forces driving institutional change. Within this political sociological vein, culture is relegated to the narrower topic of how groups and social movements make use of rhetoric and framing to be persuasive (Suddaby and Greenwood, 2005). The institutional logics approach provides an important remedy to this theoretical drift away from institutional effects, by highlighting how the cultural dimensions of institutions both enable and constrain social action.

We review how the institutional logics approach is a systematic way to theorize and

measure the influence of institutions on individual and organizational behavior. Without positing isomorphism or organizational stability, the institutional logics approach offers precision in understanding how individual and organizational behavior is located in a social context and the social mechanisms that influence that behavior. By categorizing societal influences as an inter-institutional system, previously tractable issues such as embedded agency and institutional change can be better addressed. Through the use of increasingly sophisticated methods of interpretive analysis, most notably the use of ideal types and discourse analysis coupled with quantitative modeling techniques, the institutional logics approach is well positioned to continue to address the questions of the cognitive meaning of culture and institutions.

An important advantage of the institutional logics approach as meta-theory is its systematic means to associate various theories (explanations) of organization and action in which institutions and their effects and how actors constitute institutions can be understood and measured objectively – they can be heard, recorded, classified, and associated with a set of actors and strategic actions.

In this review we focused on an analysis of the implicit and explicit social mechanisms in a variety of studies, not on the description or strength of their empirical findings. Our approach was guided by believing that the advancement of institutional analysis in the social sciences requires an analytic, not a descriptive approach, that 'explains' observed associations between individuals, organizations, and societies.

NOTES

1 Publishers included among others, Len Louchow, former CEO of Jossey-Bass, and John Davis, former head of the Prentice-Hall College Division. Louchow used the ideal types in teaching the leadership course for the Stanford University Publishers College.

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APPENDIX

Table 3.1   Ideal types of institutional logics in public accounting

Characteristic	Fiduciary logic	Corporate logic
Economic system	Personal capitalism	Managerial capitalism
Sources of identity	Accounting as a profession	Accounting as an industry
Sources of legitimacy	Reputation of CPAs Standardization & conservatism	Scale and scope of firm
Sources of authority	Professional association Government regulation	Management committee Managing partners Government regulation
Basis of mission	Build legitimacy of public corporation Build prestige of partnership	Build seasonal stability of firm Build status position of firm through growth
Basis of attention	Selling legitimacy	Selling services Generating profits
Basis of strategy	Standardize and authenticate client financial statements	Growth through mergers and acquisitions Differentiate on client service
Logic of investment	Build legitimacy of profession	Build wealth & career of partners
Governance mechanism	CPA partnership CPA ownership	Private corporation Majority CPA ownership
Institutional entrepreneurs	British: Waterhouse, Young, Niven American: Haskels, Sells, Andersen	Big 8 accounting firms

Event sequencing	1896–1921 State CPA
	  legislation
	1933, 1934 Securities Acts
	1938 SEC Accounting Series
	  Release no. 4
		World War II
		1965–1975 Consolidation to Big 8
		Corporate merger wave
		1970s–1980s FTC ruling on open competition
		1980s–1990s Consolidation to Big 5
		2001 Enron collapse
		2001 Andersen bankruptcy

Structural overlap	Intentional reduction of overlap CPA – Lawyers in tax practice	CPA – Consulting CPA – Lawyers in tax practice

Table 3.2   Ideal types of institutional logics in architecture

Characteristic	Aesthetic logic	Efficiency logic
Economic system	Personal capitalism	Managerial capitalism
Sources of identity	Architect as artist–entrepreneur	Architect as engineer–manager
Sources of legitimacy	Reputation of architect Aesthetics of design	Scale and scope of firm Efficiency and economics of design
Sources of authority	Design prowess	Managing partner or supervisor
Basis of mission	Build personal reputation Build prestige of firm	Build multidisciplinary firm Build market position of firm

Basis of attention	Resolve design problems and
	  entrepreneurial challenges
		Resolve technological and organizational
		  challenges

Basis of strategy	Increase prestige of patron or government sponsor Win design competitions	Increase number of corporate clients Build recurring clientele Increase markets for services
Logic of investment	Build wealth and prestige of entrepreneurs	Build wealth of partners

Continued

Table 3.2   Ideal types of institutional logics in architecture—cont'd

Characteristic	Aesthetic logic	Efficiency logic
Governance mechanism	Entrepreneurial firm (atelier) Profession	Partnership ownership Private global multidisciplinary corporation

Institutional entrepreneurs	H. H. Richardson, R. M. Hunt,
	  R. R. Ware, Robert Venturi
		Louis Sullivan, Wm Le Baron Jenney,
		  Walter Gropius, Mies Van der Rohe

Event sequencing	1857 Founding of
	  Architecture profession
	1893 Chicago Fair reinforces
	  aesthetic of Beaux Art tradition
	1967 Postmodernism treatise rejects
	  aesthetic of minimalism
		Increased immigration and industrialization
		1871 Chicago Fire provides commercial
		  building opportunities
		World War I provides building
		  opportunities and implementation of
		  new aesthetic which rejects history
		World War II immigration of modernist
		  architects to U.S.

Structural overlap	Professions – architects,
	  engineers, and contractors
	Clients – government and
	  wealthy individuals as patrons
		Professions – architects, engineers, and
		  contractors
		Clients – real estate speculators and
		  corporations

Table 3.3   Ideal types of institutional logics in higher-education publishing

Characteristic	Editorial logic	Market logic
Economic system	Personal capitalism	Market capitalism
Sources of identity	Publishing as a profession	Publishing as a business
Sources of legitimacy	Personal reputation Education value	Market position of firm Share value
Sources of authority	Founder–editor Personal networks Private ownership	CEO Corporate hierarchy Public ownership
Basis of mission	Build prestige of house Increase sales	Build competitive position of corporation Increase profits
Basis of attention	Author–editor networks	Resource competition
Basis of strategy	Organic growth Build personal imprints	Acquisition growth Build market channels
Logic of investment	Capital committed to firm	Capital committed to market return
Governance mechanism	Family ownership Trade association	Market for corporate control
Institutional entrepreneurs	Prentice Hall Richard Prentice Ettinger	Thomson Michael Brown

Event sequencing	Increased public funding to education
	Increased college enrollments
	Wall St. announces good investment
		Founding of boutique investment
		  bankers
		Founding of publishing finance
		  newsletters

Structural overlap	1950–1960s Prentice Hall internal corporate ventures and spin-offs 1960s acquisitions wave	1980s acquisitions wave