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New Institutional Theory, Part II
Comparing/integrating old and new institutionalism

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Lecture overview

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New institutionalism

Core ideas of new institutionalism [SKIP]
Meyer and Rowan (1977)

Reasons for formal structure (departments, positions, policies)

1. Coordinate/control activities to create product (efficiency)
2. Maintain legitimacy vis-a-vis stakeholders by adopting institutionalized practices

Institutions and rationalized myths

- Institution: taken for granted idea about appropriate practice
- Rationalized myths: rationalize a practice (e.g., adopt "student success center") based on efficiency/effectiveness

Adherence to institutions/institutionalized ideas

- Often, survival doesn't depend on technical performance but on appearing legitimate to external stakeholders
- Orgs that incorporate institutionalized ideas into formal structure evaluated by adherence to institutions

Core ideas of new institutionalism [SKIP]
Meyer and Rowan (1977)

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Conflict between technical demands and institutional demands

- Symbolic/ceremonial adoption of institutionalized practices
- Substantive adooption of demands necessary for technical success

Decoupling/ceremonial inspection

- Decoupling: avoid rigorous inspection of efficacy of practice; instead measure effort or inputs
- Evaluations is ceremonial; just to say you did it

Core ideas of new institutionalism
DiMaggio and Powell (1983)

Isomorphism

- Process by which orgs adopt same structures and practices
- Technical: adopt practice because it is more efficient
- Institutional: Adopt taken for granted practices to be perceived as legitimate by stakeholders/orgs in the field

Three broad forces/causes of institutional isomorphism

1. Coercive: pressure from resource provider (RDT)
2. Mimetic: when uncertain, do what most/"leading" orgs do
3. Normative: professionalized fields socialize members to institutionalized ideas and members spread to orgs

Muddy waters

- Three forces not mutually exclusive (e.g., coercive isomorphism within professional fields)
- Change over time in which force most influential

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Fields and populations

- Organizational field
  - All the stakeholders/players (e.g., suppliers, producers, consultants, regulators) in an industry
- Organizational population
  - Set of orgs in a field with similar purpose, structure
- Institutionalized ideas diffuse through field and orgs in a population adopt the same practices

Structuration: from heterogeneity to homogeneity over time

- When new fields/populations emerge, orgs exhibit diversity in structure, practices (e.g., "junior colleges")
- Repeated interaction, creation of associations, regulations cause institutionalized ideas to emerge, diversity declines
- Example: privacy policy by tech firms

Early empirical research (the 1980s)

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Definition of "institution"

- taken for granted ideas about what to do and how to do it (e.g., must use a search firm to hire a new dean)
- Also, taken for granted ideas about meaning of thing/concept (e.g., "property" as an institution)

Early research focused on **effects** of institutions

- Focus on diffusion of practices (e.g., chief diversity officer)
- Early adoption often for technical efficiency reasons, later adoption for legitimacy (Tolbert & Zucker, 1983)
- Org response to coercive pressure often symbolic

Usefulness for scholarship on equity (Meyer & Rowan)

- Don't assume policy/practice adopted to solve problem
- Instead of studying "best practices" or if student success center is "effective," study why it has no budget/staff

Criticisms in the late 1980s/early 1990s of new institutionalism

- New institutionalism de-emphasizes agency
    - Institutions are things that exist outside of orgs, created by big macro forces, but control behavior of orgs and people
- Researchers focus on effect of institutions; ignore how institutions form, persist, change, die
- Ignores power dynamics in the creation of institutions (who benefits)
- Is rejection of technical efficiency realistic?
    - Dimmagio & Powell (1983) argue that orgs adopt institutionalized practices, even when they are inefficient, at odds w/ technical environment
    - When external environment changes, can an institutions at odds w/ new environment survive (e.g., liberal arts colleges only offer lib arts majors)?
- Are we dupes mindlessly adopting institutions or are we savvy tricksters?

New institutionalism responds to critics by taking on new topics

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Institutionalization: process by which institutions emerge
- *Institutionalization projects*, *institutional entrepreneurs*
  - Focus on agency, conflict (e.g., Brint & Karabel, 1989)

Deinstitutionalization: process by which institutions die
- e.g., death of the conglomerate firm (Davis et al., 1994)
- Often happens when external environment changes and new institutions emerge that are more fit w/ environment
- These new institutions often created by "illegitimate actors" (e.g., hostile takeovers) (Hirsch, 1986)

Institutional maintenance/change: Process by which existing institutions are maintained/changed
- *Theorizing change* (Greenwood et al., 2002)
- Legitimacy of SAT exam challenged/maintained

Core finding from second wave of new institutionalism scholarship
Market forces trump legitimacy (the business model has to work)

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Early proponents posited that once institutionalized, an institution would persist even in the face of adverse external environment/market forces

- Turns out, this is usually not true!
- Once a new practice turns profitable, old practices are replaced (Davis, 2005); and vice-versa

Examples:

- Death of conglomerate firm (Davis et al., 1994)
- End of lifetime employment in Japan (Ahmadjian & Robinson, 2001)
- Liberal arts colleges offering business degrees (Kraatz & Zajac, 1996)

Old institutionalism

Motivating the resurgence of "old" institutionalism

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Continued dissatisfaction with new institutionalism

- Ignores local power dynamics and local environment
- The theory not sufficient for analyzing dynamics at individual organizations (why stuff happens, how did this process play out)
  - e.g., why did UCLA create the Office of Equity, Diversity, and Inclusion and what changes happened as a result?

Authors associated with old institutionalism

- Phillip Selznick; Burton Clark; Brint and Karabel
- scholars of professions that utilize a "conflict" approach (e.g., Collins, 1979; Larson, 1977)
- Not much talk about "old" institutionalism until "new" institutionalism came around

Before diving into details of old institutionalism
A broad comparison of new and old institutionalism

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New institutionalism (Meyer/Rowan and DiMaggio/Powell)

- institutions: macro external forces, exert control on orgs
- Institutionalization happens at the field-level; an institution is some idea/practices that gets taken-for-granted for population of orgs within a field
- Research focus: populations of organizations in a field

Old institutionalism (e.g., Phillip Selznick; Karabel)

- Focus on internal org dynamics (e.g., change in leadership) and interactions with local external environment (e.g., Alumni, local business leaders)
- Institutionalization happens at org-level; an institution is idea/practice that becomes widely accepted at org-level
- Research focus: individual org (e.g., Karabel, 1984); or particular group(s) of actors (e.g., Brint & Karabel, 1989)

Core ideas of old institutionalism

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Institutions are adhered to because:

- new institutionalism (mimetic): alternatives unthinkable (of course a university should have a Dean of Students)
- old institutionalism: focus on power, interest groups; adherence is result of conflict

Forces of (de)institutionalization in old institutionalism

- Long-standing org leaders are stewards of org values
  - changes in org leaders or members can shift org values
- Org structure upholds values; change in org structure can displace values by making offices with different priorities more powerful (e.g., enrollment mgt)
- Org values diverted by coalitions with different values
- Actors in local environment affect org mission (e.g., alum)
  - In 1920s local elite Protestants pressured Harvard to adopt "character" admissions criteria to keep out Jews (Karabel)

Using "old institutionalism" to study institutionalization of macro ("new") institutions

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Empirical applications of old institutionalism often show that "macro" institutions emerge from local-level actors

- this behavior/interactions better studied with tools of old institutionalism rather than new institutionalism

Examples of studies

- Brint and Karabel (1989): "vocational" mission of community colleges created by the men who founded the American Association of Junior Colleges
- Karabel (2005): admissions criteria utilized today by selective colleges was developed by Ivy League orgs trying to protect their interests and interests of local stakeholders
- Hirsch (1986): hostile corporate takeover (institutionalized in the 1980s), was created in 1970s by Jewish bankers excluded from firms and deals dominated by Protestants

"Neo" institutional theory: Incorporating both old and new institutionalism in empirical research

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Institutional fields and mechanisms (Davis & Marquis, 2005)

- First, choose your research question
- Sketch "institutional field": the orgs, external forces, regulations, etc. relevant to the thing you are studying
- The theories you choose: (a) point to certain interactions and actors as influencing the thing you are studying and (b) explain why/how these interactions and actors are influential (these explanations are the mechanisms)
  - e.g., normative isomorphism says professional associations influence change to "center for accessible" education

Using old and new (better for case studies than large N)

- Introduce new institutionalism concepts to highlight macro forces affecting your research focus
- Introduce old institutionalism concepts to highlight local forces (within and near org) affecting your research focus

Critique old/new/neo flavors of institutionalism

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Old: local internal/external org dynamics that affect which practices get institutionalized at org-level

- critique: ignores broad forces that affect orgs

New: Macro forces affect which practices adopted by all orgs

- critique: minimizes agency of individuals/groups

Neo: draw from "old' and "new" institutionalism

- macro institutions emerge from particular actors (ASHE)
- Org adopts macro institution in response to local pressure (GSEIS adopts EDI dean in response to local concerns)

Ignorance shared by all flavors of institutionalism

- Macro structures/institutions systematically privilege dominant (white) groups
- Macro institutions build on established macro institutions that were designed to benefit white men

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