

## (New) institutional analysis



# Institutional analysis

## What is “institutional analysis”?

- ∴ Perspective in sociology that aims to explain the forms and behavior of institutions in society

## Ok then ... what is an “institution”?

- ∴ “*Institution*” is a very broad term in sociology.
- ∴ At its most general, an institution is a set of persistent *regularities in behavior* that has some sense of *durability*.  
E.g. Religions, legal systems, companies, industries, family, ...
- ∴ The “institution” in institutional analysis is usually less abstract than that—most commonly (though not always) refers to *formal institutions*.  
E.g. corporations, governments, schools, non-profits, hospitals, social movement organizations, ...

# Institutional analysis

## Max Weber

- ∴ One of the earliest theorists concerned with what we would call institutional analysis
- ∴ For Weber, bureaucracy was natural outcome of the rationalization of social institutions
- ∴ Characterized as the “iron cage” of rationalization—a form that would spread to all institutions due to drive toward efficiency



# Institutional analysis

## “Old” institutionalism?

- ∴ Before we talk about the “new” institutionalism, we will describe what it is reacting *against*.

## Organizational *fields*

- ∴ Individual organizations of any particular type exist in a *field*.  
Defined by similar focus, dependencies, participants, etc.  
E.g. higher education, the cell phone industry, hedge funds
- ∴ According to Weber and “classical” institutional analysts, fields define an environment in which organizations compete for access to limited supplies of resources  
Raw materials, customers, market share, ...

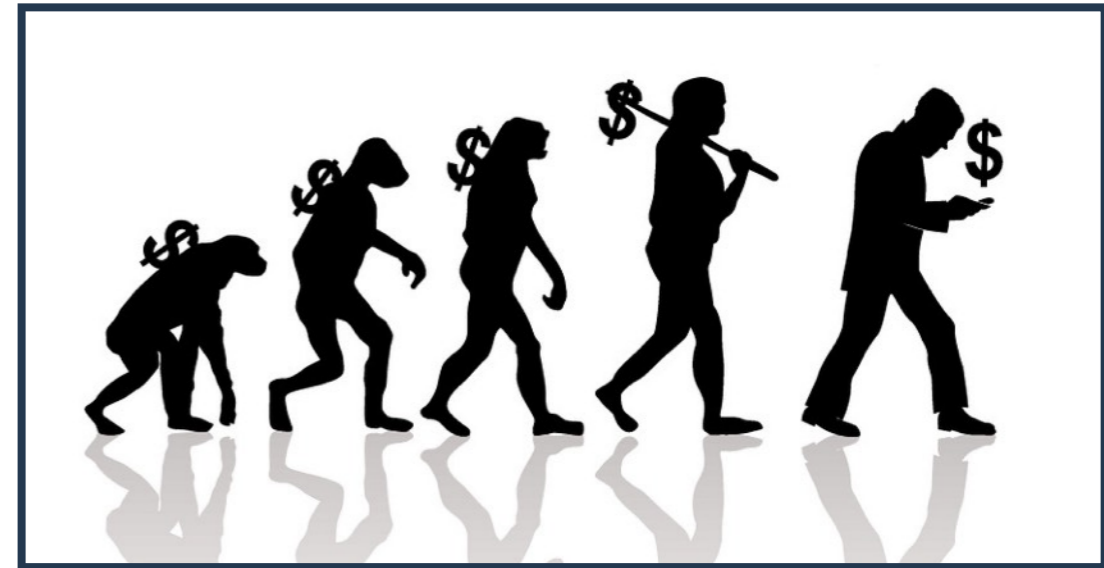


# Institutional analysis

Classically, *two ways* to explain why institutions look the way they do:

## 1. Natural selection

- Pressures of competition mean that only some organizations survive
- Organizations that cannot efficiently acquire resources are no longer around



## 2. Elite control

- Institutions are controlled by rational, powerful elites with specific desires
- Organizational efficiency helps them achieve their goals



# New institutionalism

## ***New institutionalists critical of these perspectives***

- Behavior of organizations does not always seem to be rational.
- Empirically, inefficient organizations (and inefficient practices) can stick around for a very long time.

## **Bringing culture to institutional analysis**

- N.I. recognizes that institutions are *social*.
- Institutions act *reflexively*, actors within them understand their own practices in light of practices of others.
- Therefore, we should talk about institutions from a *cultural perspective*.

## Institutions as meaning-makers

- John Meyer and Brian Rowan:  
"Institutionalized organizations: Formal structure as myth and ceremony" (1977)
- Institutions do not *just* try to achieve pragmatic goals
- Institutions *also* provide a framework for making sense of individual actions  
"An important part of organizational life [has] to do with the spinning of carefully orchestrated representations of reality." (Mohr 2000)

## Institutional logics (revisited)

- Basis of institutional logics discussed previously
- Unifying ways of shaping the goals, justifications, relevant facts, and appropriate means of an organization's culture

# Institutional Isomorphism

DiMaggio  
and Powell  
(1983)



# Institutional isomorphism

## ***The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields (1983)***

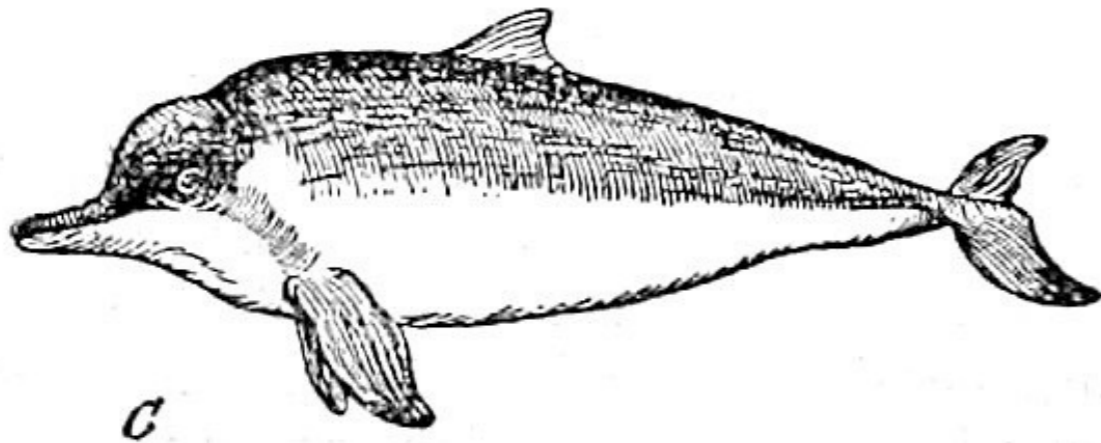
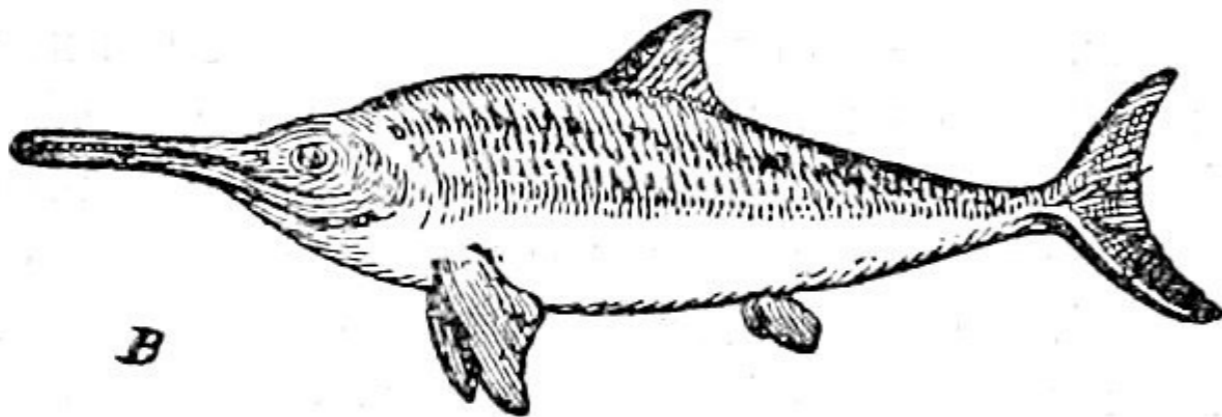
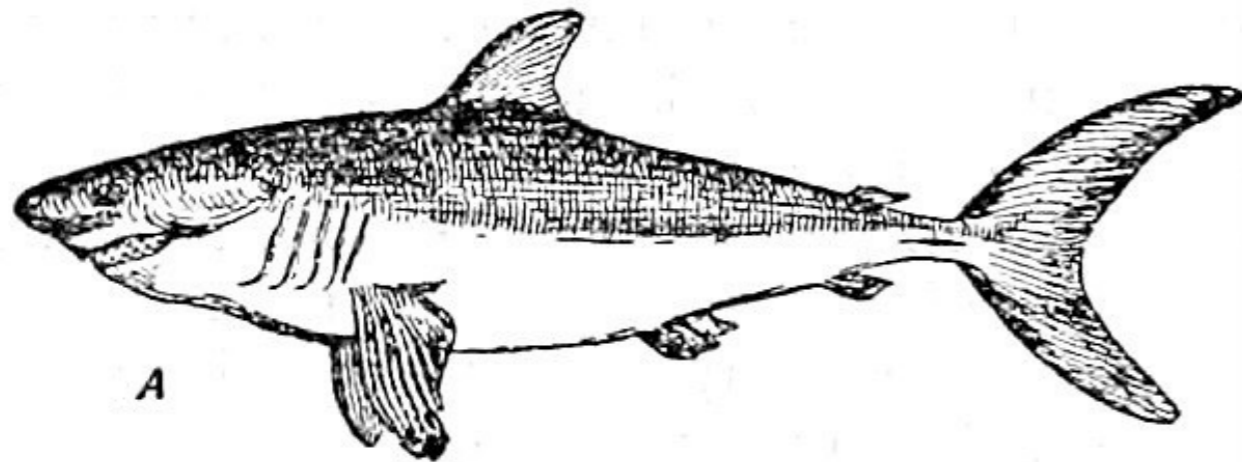
- A defining piece in organizational analysis and new institutionalism
- Seeks to explain *institutional isomorphism*

## **Institutional isomorphism**

- “Isomorphism is a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions.” (149)
- Traditionally seen in terms of the *natural selection* narrative of institutional behavior.
- DiMaggio and Powell argue for a *different explanation*.

# Institutional isomorphism

## Convergent evolution



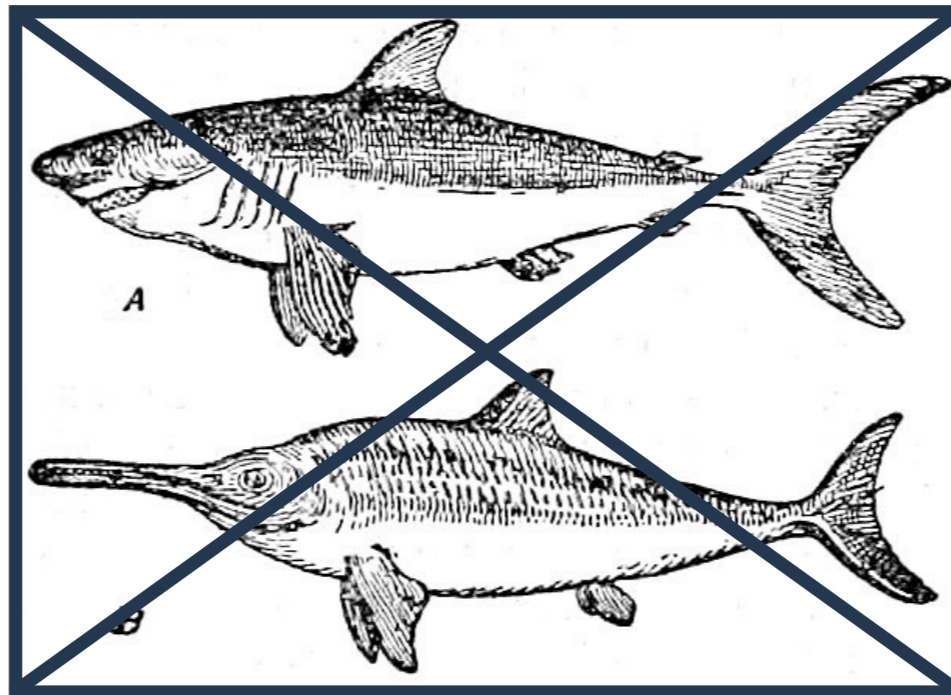
## Inst. Isomorphism



# Institutional isomorphism

## DiMaggio and Powell: Explaining isomorphism *without* natural selection

- “Organizations compete not just for resources and customers, but for political power and institutional legitimacy, for social as well as economic fitness” (150)
- DiMaggio and Powell describe three mechanisms of “institutional isomorphic change”
- *Coercive*, *mimetic*, and *normative* isomorphism



# New institutionalism

## Coercive isomorphism

- “formal and informal pressures exerted on organizations by other organizations upon which they are dependent and by cultural expectations in the society within which organizations function” (150)
- E.g. legal requirements preventing country clubs from excluding people based on race or gender

## Mimetic isomorphism

- “When organizational technologies are poorly understood... when goals are ambiguous, or when the environment creates symbolic uncertainty, organizations may model themselves on other organizations” (151)
- Safety in imitating organizations you see as successful

# New institutionalism

## Normative isomorphism

- Professionalization of a field leads to norms of conduct that are adhered to just because that is the way it is done
- Filtering of personnel: only allowing the “appropriate” type of people in (based on personal history, viewpoints, etc.)
- Legitimation through credentials

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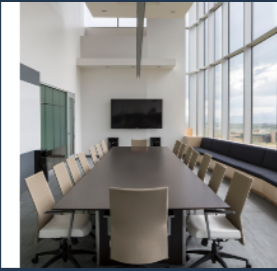


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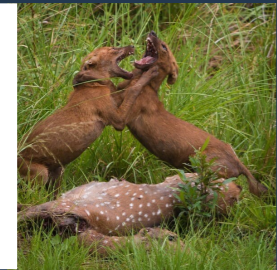
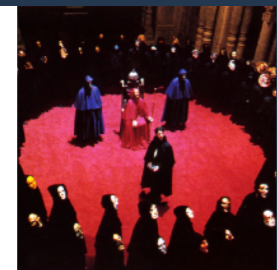


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(1999)