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SUSTAINABILITY & ORGANIZATIONAL CHANGE:

AN INSTITUTIONAL PERSPECTIVE

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I

Introduction

If one assumes that sustainability represents a form of significant organizational change, then there are two overarching positions that can be taken. One position asks how any important organizational change can be achieved, wittingly. That is, what should (usually) senior managers ‘do’ if they wish to fundamentally change an organization – i.e., move it from one state (such as one that is unresponsive to issues of sustainability) to another (where sustainability figures prominently)? This is the position typically taken by management consultants and many academics. It is a position that portrays leaders of organizations as orchestrating change by pulling the appropriate levers. A very different position explores the circumstances that enable, push or inhibit organizations from moving from one state to another. From this perspective, the actions of managers, deliberate or otherwise, may be incidental. Typically, this position is taken by only by academics – more specifically, academics of a particular stripe.

The institutional perspective more naturally leans to the latter of these two positions, although it has implications for the former. It emphasizes the role of socio-cultural factors in legitimating and defining acceptable organizational ideas and behaviours, particularly deeply engrained ones. The role of managers in creating such institutionalized ideas and behaviors, at best, is seen as secondary and, at times, as irrelevant. A hard institutional stance on this position portrays managers as ‘puppets’ or ‘dupes’ acting out, unthinkingly, taken-for-granted prescriptions. A softer, more agentic stance sees managers as interpreting and shaping those prescriptions, even if managers are not normally the driving force behind them (Barley, 2008; Maguire and Hardy, 2008). We lean more towards the latter, more nuanced position.

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But for the moment our views on this point are put on ‘pause’. First we must elaborate in the following section our views of sustainability in order to establish the context of and object for our institutional account of organizational change. We begin with some of the interpretations and meanings that have evolved and then focus on current thinking about the nature of sustainability, and research on the practice of sustainability. All in all, we note that sustainability today is viewed as being more complex and field-specific than twenty years ago.

Following our discussion of sustainability we review and synthesize institutional approaches to organizational change (also see Greenwood and Hinings, 2011; Hoffman and Jennings, 2011) and highlight six institutional observations.

II

Sustainability

Sustainability is an evolving construct, one with periods of convergence and divergence in its meaning and practice (Bansal and McClelland, 200x; Soderstrom and Weber, 2011). In the management literature, sustainability originally referred to the Bruntland Commission’s (1987) definition used in the Rio Accord: “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Bruntland, 1987: p.). This definition imbued sustainability with a multi-generational characteristic and a societal level of analysis (Jennings and Zandbergen, 1995). The concept has since then been broadened in both economic and social dimensions. Sustainability in economic terms, as drawn from strategy and management, refers to the long run competitive advantage and hence superior performance (Porter, 1996; Porter and Kramer, 1998). Sustainability in more social terms is based on modifications from the United Nations Commissions on the environment (UNEP, 200x) and on equality (UNESCO,

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200x), as well as international climate conventions (e.g., COP, 2008). Thus, sustainability now explicitly includes improving the social well-being of individuals and societies, while preserving the carrying capacity of the environment for humankind: “xxx” (UNEP, 200x).

It is not surprising, then, that today, sustainability is thought of as a joint ecological, economic, and social construct, pitched primarily at the societal, or at least industry, level of analysis (Bansal and McClelland, 200x). Some use three circle models and “triple bottomline” accounting to capture and measure sustainability in this fashion (Hoffman and Jennings, 2012). Nevertheless, with the proliferation of research on sustainability, the majority of management and environmental scholars have moved in the direction of taking more refined, specialized, and grounded approaches to sustainability. As a result, sustainability is divided into domains (e.g., climate change, water quality, human population growth, and extreme social inequality), and theoretical approaches (Hart & Sharma, 2002; Bansal, 2005).

One very prominent approach to sustainability is corporate social responsibility (CSR). Corporate social responsibility has had a long history as business ethics (cite), but in the 1990s moved more directly into the core operations of the business, rather than looking as much at business decision making for leaders or secondary effects of business outcomes. The original stakeholder approaches of Post and Preston (1991; 1997) and of Wood and colleagues (Frooman et al., 200x; Wood et al., 1995) to building and maintaining corporate reputation has been broadened to include many smaller and less evident stakeholders, such as eNGOs (Hoffman and Bertels, 2010). In addition, to the externally-oriented approaches are internally-oriented, more strategic and proactive approaches. For instance, McWilliams and Siegel (2010; 2012), like Bansal (2005), have proposed that the firms can (and should) make responsible choice their method of competing in the long run. These responsible

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choices by individual and corporations are “VRIN” in Barney’s sense of the term (1991; 199x). The advantages of CSR for international expansion have also gained attention in more recent years (Lim et al., 2011; Raynard et al, 2012) because CSR allows firms to gain foreign government permission for entry and helps responsible firms avoid issues such as that faced by Nike in the late 1990s with its foreign workers.

Another, even more recent approach to sustainability, one growing in prominence, is social entrepreneurship. Broadly speaking, social entrepreneurship refers to starting new firms that can inject social value products and services (e.g., see Dees, 1998; 2007; Miller et al., 2012). As in the corporate social responsibility approach, social entrepreneurship has been viewed through a variety of lenses; but, interestingly, not quite the same ones as CSR. Social entrepreneurship, because it focuses on new firms delivering social value and social goods, is typically examined under the twin lens of rational choice vs. socio-cultural drivers. The rational choice models propose that delivering goods that are reasonably competitive economically but have additional social value will allow for more sustainable economic position (Porter and Kramer, 1998). Micro-finance is a typical example, where banks are both making money and helping the impoverished (Yannus, 200x; Zhao and Wry, 2012). In contrast, socio-cultural approaches examine a broad array of behavioral drivers that stimulate social entrepreneurship. Some are the social imperatives to aid individuals at the Bottom of the Pyramid (BOP), which, in turn, may aid countries and corporations (Prahalad, 200x). Still, many are not so obviously instrumental, nor are their outcomes that predictable (Ansari, 2010; Ventresca and Dorado, 2013). They may involve intra-individual values and rewards, such as compassion (Miller et al., 2012) or a sense of fairness (Rindova et al., 2011). Given the evident link of these intra-individual factors with cultural institutions, it is not surprising that some researchers have pointed

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out the congruence between religious and social entrepreneurship dimensions of communities (Ahlstrom and Bruton, 200x; Courpasson et al., 2013; Khavul et al., 2013).

Along with this refinement and specialization of the meaning of and approaches to sustainability, there is a growing consensus today that sustainability is better considered not as a longer range outcome or permanent state, but as an on-going struggle and unending process, one that must be – and in many cases is already - embedded in organizational life (Bansal and Hoffman, forthcoming; Wooten and Hoffman, 2008). For instance, in work on climate change, (Schussler et al., *AMJ*, forthcoming), over a ten year period the Copenhagen meetings appear to have led to the brokering of a series of small wins around carbon standards, though never to major outcomes, such as international cap and trade systems or universal compliance with modified Kyoto Protocol standards. In the area of DDT management, more sweeping changes eventually occurred, but not without twenty years of battling DDT toxicity its impact on societal welfare (Maguire and Hardy, 2009). Yet, even now, DDT is permitted in some areas of the world and still considered useful for extreme malaria locales. Thus, the process of sustainability must be approached on a field-by-field, domain-by-domain basis, and the degree of sustainability assessed along the way. Sustainability, in other words, is its own institutional prescription, one that actors comply with to varying degrees.

The sustainability discourse represents an attempt to introduce new ways of thinking – in institutional terms, a new logic or school of logics – into society, notably by influencing the practices of organizations whose behaviours have traditionally been governed by a fundamentally different logic. It is, in short, a discourse about institutional change intended to bring about radical organizational change.

III

Institutional Change

Beginnings

Neo-institutional theory began with Meyer and Rowan's (1977) observation that, within any given sector or industry, organizations use similar organizational forms. Meyer and Rowan explain this observation by pointing to the influence of the social context within which organizations are embedded. That context contains 'powerful institutional rules' that define appropriate and acceptable forms of organizing.

'That is, organizations are driven to incorporate the practices and procedures defined by prevailing rationalized concepts of organizational work and institutionalized in society. Organizations that do so increase their legitimacy and their survival prospects, independent of the immediate efficacy of the acquired practices and procedures.' (1977:)

In effect, Meyer and Rowan alerted theorists to the fact that organizations are not simply production systems, functioning in an environment comprised of suppliers, consumers and competitors, but social and cultural systems embedded within an 'institutional' context, comprising a range of actors including the state, professions, interest groups, the media, public opinion and so forth. The behavior of organizations, in consequence, cannot be understood without taking into account the influence of this institutional context. Moreover, this influence is resonant and resilient. Organizations are not free-floating islands of rationality or units of political expediency; instead, they are seriously constrained by social expectations and the properties of legitimacy. In examining how or why individual organizations adopt to new ideas or practices it is thus necessary to understand the role and consequences of these field- level isomorphic and policing mechanisms.

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Typically, institutional analyses focus upon *field-level* processes because it is at the level of the organizational field - i.e., ‘...a community of organizations that partakes of a common meaning system and whose participants interact more frequently and fatefully with one another than with actors outside the field’ (Scott, 1995: 56) - that institutional processes are most evident. The idea of fields having ‘common meaning’ systems has since become associated with the idea of ‘institutional logics’ (Friedland & Alford, 1991), defined as sets of reasonably coherent socially constructed rules, norms and beliefs that define field membership, specify institutional or ‘collective’ identities (Glynn, 2008) and that lay down patterns of appropriate conduct. Logics, in this sense, shape how actors interpret reality and provide the criteria for socially ‘legitimate’ behaviour (Thornton, Ocasio & Lounsbury, 2012). These relationships prescribe and proscribe acceptable collective purposes and the appropriate organizational arrangements by which those purposes should be pursued. Or, as Battilana, Leca and Boxenbaum (2009: 65) simply put it, a logic ‘is a field’s shared understanding of the goals to be pursued and how they are to be pursued.’

Contained within these early expressions of institutional theory is a process model of *convergent* change that was first explicated by Tolbert and Zucker (1983: for a later articulation, see Tolbert & Zucker, 1996; for a review of subsequent work, see Boxenbaum & Jonsson, 2008). Tolbert and Zucker examined the diffusion of personnel reforms across municipalities in the US and suggested that institutionalization follows three identifiable stages: *pre-institutionalization* (habitualization), *semi-institutionalization* (objectification) and *institutionalization* (sedimentation). Pre-institutionalization is the emergence of behaviours specific to a problem. Although some imitation between organizations may occur, there is no sense of obligation to do so; on the contrary, behaviours are appraised for their pragmatic functionality (i.e. whether they work). Knowledge of a new organizational arrangement, moreover, is restricted to small numbers of neighbouring or interlocked organizations.

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Eventually, in this model of change, a social consensus emerges over the value of particular social arrangements, followed by increasing rates of their adoption. In this semi-institutionalization stage, diffusion occurs because organizations mimic those perceived to be successful, but eventually the motivation to adopt shifts to a 'more normative base' (Tolbert & Zucker, 1996: 183). That is, the more that a new arrangement is adopted, the more it becomes regarded as an appropriate response and acquires cognitive legitimacy. There is too, the emergence of a supporting infrastructure of institutional intermediaries and referent audiences (associations, critics, consultants, etc) that detail and enforce social prescriptions.

Full institutionalization occurs when diffusion is almost universal and the new arrangement has become taken-for-granted. At this point, organizations within a field are not only constrained by institutional intermediaries, but, in their behaviours, act out and thus reproduce those structures, albeit sometimes imperfectly (Barley & Tolbert, 1997). The imagery is of organizations dynamically responding to institutionalized expectations and, in so doing, amplifying and elaborating them. As fields mature, therefore, organizations get progressively locked into prevailing practices. Consequently, the field exhibits a sustaining momentum as its internal dynamics both constrain its members and is reproduced by their actions. A mature, institutionalized field has stable, routinized interactions between members of the field and increasing stratification as elite firms are differentiated by reputation and influence.

Considerable effort has gone into elaborating this process model of convergent change. Studies have explicated the mechanisms by which legitimated archetypal arrangements are learned, diffused, translated, and, in some instances, abandoned (for reviews, see Boxenbaum and Jonsson, 2008;

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Creed, Scully & Austin, 2001). Attention has also been given to the influence of field level actors – ‘institutional intermediaries’ – who ‘theorize’ archetypal arrangements, imbuing them with legitimating rationales that enable their wider adoption and retention (Strang & Meyer, 1993). Similarly, much effort has gone into detailing how these institutional intermediaries – such as the media (Bansal, 2004; Jonsson & Buhr, 2011; Pontikes, 2012; Fiss, Kennedy & Davis, 2012; Carberry & King, 2012), professional associations (Greenwood, Suddaby & Hinings, 2002; King & Lennox, 2000; Curry et al., 2012), critics (Kim & Jensen, 2011), analysts (Zuckerman, 1999; Benner & Ranganathan, 2012; Lamin & Zaheer, 2012) and rating agencies (Chatterji & Toffel, 2010) cajole organizations into conformity with institutional demands. Chatterji and Toffel (2010), for example, found that firms – especially those in highly regulated industries - that received negative ratings for their environmental performance subsequently improved their performance beyond that of other firms. From this perspective, organizations are cajoled into conformity and most attempts to deviate are resisted by both field and organization-level audiences, and thus incur significant social costs. As Kennedy (2008: 270) bluntly puts it: ‘Life outside the mainstream is harsh’.

The conclusion of this body of work is that altering the logic underpinning field-level routines and practices is problematical, for several reasons – first, in an extreme case, ‘alternatives may be literally unthinkable’ (Zucker, 1983: 5), i.e., there are serious cognitive limitations on seeing other ways of doing things (this is the paradox of embedded agency - see Battilana et al., 2009); second, the reproducing mechanisms are highly complex and embedded within the relationships between organizations - this echoes the argument of innovation scholars for whom ‘the ties that bind may become the ties that blind’ (Birkinshaw, Besant & Delbridge, 2007: 68); third, there are policing mechanisms that push for conformity by applying social sanctions for deviant behaviour; finally,

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those mechanisms are underpinned by political interests – and those interests often have the motivation *and* the resources to resist initiatives for change.

For sustainability advocates, this model of change is discouraging because it implies that long standing arrangements that deny the purposes and values of sustainability, or that take too little account of them, will be difficult to change. A more optimistic stance, however, is to see this convergent model as highlighting the factors that should be targeted if change is to be secured. And those factors, according to the institutional perspective, typically have their basis in field-level, not organizational level, processes. In particular, it points to the importance of ‘legitimacy’ in enabling the adoption of sustainability practices. But, once introduced and supported by an appropriate institutional infrastructure, sustainability practices themselves could become institutionalized and resistant to change

Institutional change

Nevertheless, ‘seemingly intractable institutional contexts’ (Helms, Oliver & Webb, 2012: 1120) do shift. Change occurs when the underpinning logics (shared meanings) within organizational fields become unsettled and, in consequence, the organizational arrangements associated with them are adapted and perhaps displaced. Prodded by DiMaggio (1991), institutional theorists have sought to understand the circumstances by which such change unfolds. Making sense of this extensive and sprawling literature is difficult (for a review, see Battilana et al, 2009) but three questions have attracted attention and are of relevance to our purpose here. First, where and how do initiatives that challenge existing logics initially arise? Put another way, how does reflexivity occur, thus opening up possibilities for institutional change? Second, how are new ideas successfully ‘theorized’ and accorded legitimacy? If a central prerequisite of institutional change is to incorporate or reprioritize a

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new logic, how is that accomplished? Finally, how do new ideas and practices become embedded and attain resilience *within organizations*? In particular, why are some organizations more receptive to new ideas than others? The following discussion of these issues is summarized in Figure 1.

Figure 1 about here

Considering change – reflexivity. The first and earliest explanation of reflexivity links it to destabilizing ‘jolts’ that arise from outside the field (Meyer, 1982; Meyer, Brooks & Goes, 1990). Such jolts include social upheaval, technological disruptions, competitive discontinuities, or regulatory change (e.g., Bartunek, 1984; Lounsbury, 1999). These events precipitate the entry of new players into an organizational field (Thornton, 1995; Thornton & Ocasio, 1999; Kraatz & Moore, 2002), enable the ascendance or decline of existing actors (Scott, Ruef, Mendel & Caronna, 2000), encourage local entrepreneurship (DiMaggio, 1988; Leblebici, Salancik, Copay & King, 1991; Lawrence, 1999; Suddaby & Greenwood, 1999), and change the intellectual climate of ideas (e.g. Davis, Diekmann & Tinsley, 1994). The effect of such shocks is to disturb the socially constructed field-level consensus by introducing new ideas.

A second explanation for reflexivity builds upon the idea that fields contain multiple logics and proposes that reflexivity and deinstitutionalization arises not from exogenous shocks but from evolving tensions and conflicts within a field. (Seo & Creed, 2002). According to Friedland and Alford (1991), society is composed of several ‘institutional orders’ – such as the market, family, religion - each associated with distinctive institutional logics (and their archetypal organizational forms and practices) – for an elaboration of this thesis, see Thornton, Ocasio and Lounsbury, 2012.

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Importantly, any organizational field may be subject to the influence of more than one institutional order. Moreover, sometimes these logics are – or are assumed to be – inconsistent in their implications. Organizations thus face the challenge of coping with incompatible institutional demands. Those located at the interstices of competing logics, therefore, are especially likely to perceive opportunities for change, especially if their identity is not conditional upon one logic rather than another. McNulty and Ferlie (2002: 362), for example, explain the difficulty in introducing process reengineering into health care in the UK by referring to the very different organizational structures, processes and political styles implicated by the two distinctly different institutional orders (state and market) to which health authorities were being subjected. A particular interest within recent institutional research is with ‘hybrid’ organizations that actively seek to combine logics (e.g., Battilana & Dorado, 2010; Jay, 2013).

A more recent approach to reflexivity focuses upon initiatives and improvisations – often unplanned and often loosely co-ordinated - that arise in the ‘performativity’ of day-to-day ‘practices’ (e.g., Lounsbury & Crumley, 2007; Smets, Morris & Greenwood, 2012). Such ‘bottom up’ improvisations are driven either by the need to get things done – as in the Smets et al., (2012) analysis of law firms preparing legal contracts under time pressure; or because the industry values ‘incessant creativity’ (Svejenova, Mazza & Planellas, 2007: 554). The consequence is that modifications to practices can arise and slowly coalesce and crystallize at the ‘coalface’ (Barley, 2008) into new ways of doing things. Under certain circumstances, these coalface improvisations become adopted more formally by the host organization and subsequently move to the level of the field. The common conclusion of the practice improvisation approach is that change occurs locally and is thus both highly dispersed in its origins and heterogeneous in the forms that it takes. Hence, there is continual learning and adaptation of ideas such as sustainability.

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As accounts of reflexivity and its role in institutional change have developed, an important shift in imagery occurred (and one that has implications for our later discussion of *organizational* change). The early imagery initially implied that institutional change was the replacement of a dominant logic by another – even though it has long been recognized that organizations typically face multiple logics (e.g., see D’Aunno et al, 1991). Attention has now turned more fully to the *ongoing* (possibly contested) presence of *multiple* logics. Instead of fields being portrayed as fundamentally stable, they are depicted as persistently in flux – ‘legitimacy is not a state but a constant struggle’ (Rozbicki, 1998: 25) - although the likelihood and pace of change has been observed to vary from field to field (Delbridge & Edwards, 2008; Dunn & Jones, 2010; Thornton & Ocasio, 2008; Reay & Hinings, 2009; Purdy & Gray, 2009; Marquis & Lounsbury, 2007). Nevertheless, ‘institutional complexity’, rather than enduring institutional stability, is now seen as increasingly common and the mechanism of institutional change.

The emergence of sustainability fits well with this imagery in that it is often portrayed as attempts to somehow reconcile/blend/balance two or more logics – usually those of business efficiency (a market logic) and some form of social welfare (a community logic). Sustainability, in this sense, is usually not seen as being very compatible with existing economic logics in most industrial sectors (Gladwin, 1995; Bansal, 2005; Hulme, 2009). Instead, it is viewed as a logic and set of practices in competition with extant economic practice. Hoffman’s (1997; 1999) description of fields as populations of organizations, though connected and influenced by overarching logics, that nevertheless subscribe to different values and beliefs, illustrates that, at any moment, fields contain tensions between dominant and latent logics ‘that may lie within the individual populations (or constituencies) that inhabit the field’ (Hoffman, 1999: 365; see also, Reay & Hinings, 2005).

Legitimizing change – ‘theorization.’ By itself, reflexivity is not a sufficient condition for institutional change. Theorization is also needed and is, we propose, distinctive of the institutional perspective. Theorization is the rendering (‘framing’ as social movement researchers prefer) of ideas into compelling formats (Strang & Meyer, 1993) and is critical for the ascription of legitimacy. It is the process whereby new ideas and practices gain legitimacy and the means by which ‘renegotiations of meaning take place’ (Aldrich & Fiol, 1994: 649). Successful theorization ‘increases the zones of acceptance by creating perceptions of similarity among adopters and by providing rationales for the practices to be adopted.’ (Rao, Monin & Durand, 2003). In this sense, theorization resembles the era of ferment of the punctuated-equilibrium model. It is the stage where competing versions struggle for superiority. But the contribution of institutional theory is the attention it gives to socio-cultural processes and, increasingly, the rhetoric of language that appeals to higher order institutional logics as means by which novelty is rendered acceptable and preferable. These linguistic-discursive processes attach social approval to novelty.

Tolbert and Zucker (1996), emphasizing the cognitive dimension, propose that theorization involves two major tasks: specification of a general organizational failing, in order to challenge the adequacy of existing arrangements; and justification of new organizational arrangements as a widely appropriate solution. Maguire, Hardy and Lawrence (2004), as we note more fully below, add the need for ‘political theorization.’ Although Birkinshaw, Hamel and Mol (2008) remind us that theorization is necessary both within an organization and externally, most institutional analysis attends to the latter (although, as we also elaborate below, there are significant exceptions e.g., Kellogg, 2012; Greenwood & Hinings, 1996) and is concerned with two questions: ‘Who can successfully theorize?’ And, ‘How do they do so?’

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Who can theorize? Several theorizing agents have been identified: management consultants (Abrahamson, 1991; Sahlin-Anderson & Engwall, 2002), the media (Davis, et al., 1994; Rao et al., 2003) professional associations (Greenwood et al., 2002; Jones, Maoret, Massa & Svejnova, 2012; Goodrick & Reay. 2010), corporations (Munir & Phillips, 2005), critics and journalists (Rao, Morin & Durand, 2003), and historians (Khaire & Wadhvani, 2010) – to which might be added academics. Especial emphasis has been placed upon the role of social movements as agents of theorization (for a review, see Schneiberg & Lounsbury, 2008). For example, in their study of DDT, Maguire and Hardy (2009) note the importance of how opponents of DDT problematized its use. This external pressure, of which Rachael Carlson's *Silent Spring* is but one example, put pressure on the industry to defend its practices.

The list of theorizing agents is long, but not all actors are equally successful in commanding attention, for which various explanations have been offered - including references to an organization's status (such as the Big 5 accounting firms in Greenwood & Suddaby's (2006) analysis of the introduction of a new organizational form into the accounting industry), its size and visibility, and its ability to deploy resources (cultural, political, financial, and formal regulatory authority). Common to successful theorization, however, is that proponents have 'discursive legitimacy' (Hardy & Phillips, 1998) by occupying 'legitimate subject positions' within an organizational field (Maguire, Hardy & Lawrence, 2004: 668) that are recognized by field members as giving them the right to exercise 'voice'.

The importance of authoritative voice endorsement is highlighted in Maguire et al.,'s (2004: ??) study of the introduction of new practices of consultation and information exchange into the emerging

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field of HIV/AIDS treatment advocacy in Canada where ‘people dying from AIDS were viewed as having greater legitimacy than those making a living and profiting from the disease.’ Our take on this idea is that this emerging field featured two logics – one to do with the market, the other to do with professional care. Both logics had to be respected, but especial sensitivity had to be given to the former. The general point is that for successful theorization to occur the identity (and thus the legitimacy) of those theorizing depends upon the nature of their association and identification with the logics in play.

How do they theorize? Much work has examined how theorization is accomplished. For the most part, these studies focus upon the use of cultural symbols and language – ‘discourse’ (Phillips et al, 2004) - as proponents and opponents contest the appropriateness of existing and nascent templates of behaviour (Greenwood et al., 2002; Covaleski et al., 2003; Maguire, Hardy & Lawrence, 2004; Suddaby & Greenwood, 2005). The role of language is regarded as ‘fundamental’ because ‘discourses make certain ways of thinking and acting possible, and others impossible or costly’ (Phillips, Lawrence & Hardy, 2004: 638). Language, in other words, is a means ‘to persuade constituencies of the desirability and appropriateness of institutional deviance’ (Suddaby & Greenwood, 2005: 37). Successful institutional entrepreneurs, therefore, are those ‘skilled enough to craft a compelling message advocating for change’ (Etzion & Ferraro, 2010: 1092).

But how is a compelling message constructed? As we noted earlier, several studies draw upon social movement theory and its emphasis upon ‘framing’. Lounsbury (2001: 2005) shows how a viable infrastructure for recycling did not develop until activists reframed (re-theorized) recycling as a *for-profit* service. That is, the framing had to connect with the interests and market logic of critical players in order to garner legitimacy. Weber, Scully, & Austin (2009) report how the anti-genetic

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movement in Germany ‘described biotechnology as a threat not only to the environment but to the moral good of pure untouched nature, and they tapped into a deep-seated suspicion of eugenics...’ Use of these ‘culturally resonant frames’ helped mobilize support and gave access to critical resource holders and decision-makers. Etzion & Ferraro (2010), in their longitudinal study of the Global Reporting Initiative for sustainability reporting practices, highlight two ‘discursive strategies’. One strategy used the analogy of financial reporting in order to associate a sustainability ‘audit’ with an already highly legitimated practice (even drawing verbatim from the International Standard Committee Board’s reporting principles). The second strategy framed ‘social ills and environmental degradation ... as issues that have an impact on businesses’ economic performance’, in order to distance (‘decouple’) the GRI guidelines ‘from the more politically sensitive agenda of sustainability’ (Etzion & Ferraro, 2010: 1100). An important insight from this latter study is that drawing analogies with existing practices will generate normative legitimacy; but ‘from a cognitive point of view this approach would not...lead to the emergence of a novel institution’ (Etzion & Ferraro, 2010: 1104). Creed, Sully and Austin (2001) identify the various frames used by participants in the debate over workplace discrimination affecting gay, bisexual and transgender persons. One frame, for example, defined the problem as the denial of civil rights and emphasizes the principle of equality, which is fundamental to liberal democracy.

Other studies of how theorization is practised have drawn upon rhetorical theory (e.g., Green, 2004; Suddaby & Greenwood, 2005; Goodrick & Reay, 2010; Erkama & Vaara, 2010). Green (2004) distinguishes between three forms of ‘discursive justification’: *pathos* (an appeal to emotion); *logos* (an appeal to logic and pragmatic legitimacy); and *ethos* (an appeal to ethical legitimacy) and discusses their implications for persuasion. For example, pathos is high on attention capture but is transient in its effects, whereas appeals to ethos are more durable, but low on attention capture (although, see

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Bansal, 2005). Hence, Green suggests that the sequence in the use of these justifications will affect the success or otherwise of theorization efforts. For us, ethos justifications would be more prominent in logics associated with the orders of religion, family and the professions; whereas in market settings, the rhetoric of theorization would be grounded logos – i.e., in appeals to efficiency.

An example of the aligning of language to the setting is contained in studies documenting the relationship between regulatory processes and the field-level diffusion of affirmative action and due process (Edelman, 1990: 1992; Dobbin, 1992: 1993; Edelman, Abraham & Erlanger, 1992; Dobbin, Sutton Meyer & Scott, 1993; Edelman, & Suchman, 1997). Edelman (1992) linked the development of the personnel profession to legislation on ‘due practice’. Given the ambiguity of regulatory policies, personnel practitioners interpreted those practices and persuaded managers that they should be perceived not as ‘red tape’ but as ways of improving efficiency (for example, by better linking employee skills to jobs and responsibilities. In contrast, in professional settings, theorization has to give salience to a normative – ethos - justification (Greenwood & Suddaby, 2006). Thus, the Big Five accounting firms sought to legitimate the multi-disciplinary practice (which deviated from the then institutionalized archetypal template) by appealing to norms of ‘service’. The rhetoric of these claims sought moral acceptability for the new form, irrespective of other benefits (Suddaby & Greenwood, 2005).

A final point that deserves mention is that successful theorization is not simply the skilful linguistic appeal to higher order values and ideals. It also has a political dimension, as pointed out by Maguire, Hardy and Lawrence (2004: 671; see also Zilber, 2008):

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‘...in addition to persuasively theorizing the new practices they are promoting as logical solutions to identified problems, institutional entrepreneurs in emerging fields need also to theorize political chains of cause and effect. They must make clear to stakeholders the political consequences of supporting or not supporting the new practices.’

By drawing attention to political theorization, Maguire et al (2004) remind us that institutional entrepreneurship is not achieved solely through the use of persuasive language. Institutions are not simply the cognitive outcomes of discursive struggles but are ‘settlements of political struggles...fuelled by the mobilization of challenges around competitive projects and logics’ (Schneiberg & Lounsbury, 2008). Actions, in other words, are also involved. Sometimes these actions are highly contentious, as shown by Hoffman’s study of ‘institutional war’ in the U.S. chemical industry (1999). The proposed XL pipeline from Alberta to Texas is a recent example!

Lawrence and Suddaby (2006) outline nine different kinds of institutional work that result in the creation of new institutions. The first set, advocacy, defining, and vesting, are all concerned with political work “in which actors reconstruct rules, property rights and boundaries that define access to material resources” (Lawrence and Suddaby, 2006: 221). A second set of embedding activities deal with reconfiguring beliefs systems or logics; they are constructing identities, changing normative associations, and constructing normative networks. Thus, the first set are concerned with activities that are structural and material, and the second set are cognitive and normative. The third set of activities are mimicry, theorizing, and education, that give specificity to abstract categorizations, develop new practices, and enable actors to acquire the skills and knowledge to support the new institution. **Need to finish this by connecting it to theorization.**

Field Structure

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Thus far, the argument has been that institutional change is the consequence of disturbance to the underpinning logics within an organizational field. That disturbance, which may arise from exogenous shocks, endogenous contradictions, or bottom-up performativity, creates institutional complexity, which in turn precipitates reflectivity. If accompanied by successful theorization, institutional change may occur. This link between reflexivity and theorization on the one hand, and institutional change on the other, is influenced by the structure of the organizational field, which can enable or hinder change and may shape its pace and linearity. For example, Purdy and Gray (2009) suggest that a field that has relatively little structure means that organizational norms and practices will be poorly specified allowing for competing logics to exist. They suggest that under these circumstances four mechanisms may come into play as organizations attempt to introduce a new logic (in their case, alternative dispute resolution). These mechanisms are transformation, grafting, bridging and exit. Bansal & Roth (2000) have a similar theme, referring to 'field coherence' as an important difference across fields, and that enables or constrains the jostling of logics. Pache & Santos (2010) have a somewhat similar view, with the fragmentation or centralization of a field being an important factor in determining the nature of diffusion. They, like Purdy & Gray (2009), suggest that responses at the organizational level will reflect the structure of the field.

Despite the importance of field structures, it is beyond the scope of this paper to review in detail what we know (which is rather modest) about field-level differences (for a summary, see Greenwood et.al., 2011). But it is worth noting the recent interest in 'field-configuring events' (FCEs) such as trade shows, conferences, award ceremonies, and tournaments (Lample & Meyer, 2008). These temporary social organizations are significant because they are vehicles for discursive struggles. They are particularly important in developing norms and standards and social networks, and, as such, are mechanisms that bring together actors to reshape fields (Powell, et al., 2005; Anand & Jones, 2008).

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Hardy & Maguire (2009) highlight that they provide rare and time compressed opportunities for the interaction of actors holding different visions of the future. At FCEs, actors produce accounts and ‘narratives’ that describe the way fields should be theorized and organized, persuading those with power to give legitimacy to new logics and structures (McInerney, 2008; Thornton, Ocasio & Lounsbury, 2012). Schussler, Ruling & Wittneben (2013), for example, examined the role of FCEs as catalysts of change for climate policy, showing that the specific conditions in which they occur are important. Climate change conferences organized by the U.N., for example, may paradoxically prevent as well as allow the embedding of field level change depending upon the structure of the conferences. For change to occur, ‘interactional openness’ (which generates learning and trust) has to be combined with ‘temporal boundedness’ (which generates creativity and momentum).

Our understanding of field-configuring events and their role in destabilizing institutionalized arrangements is in its infancy. Yet, the central ideas of this literature – that FCEs provide time and space compressed arenas in which actors holding different interpretations can be heard, thus enhancing the possibility of reflexivity; *and*, that FCEs enable the possibility of convergence around new interpretations – are compelling. The possibility of institutional change, in this scenario, is shaped by the availability of FCEs and by their openness to actors occupying less powerful positions.

IV

Organizational Change

Introduction

The theoretical implications for organizational change of the above discussion are twofold. First, it offers suggestions about which organizations might be more receptive to emerging ideas and practices. This line of theorizing examines how the organizational attributes ‘filter’ (Greenwood et

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al., 2011) field-level discourses and serve to make organizations receptive or resistant. A second approach focuses upon how field-level discourses are ‘used’, or shape, the way that new ideas are framed in order to make them palatable and thus easier to introduce and embed within an organization.

Organizational attributes

It is widely acknowledged that organizations do not respond uniformly to institutional demands. The early portrayal of organizations converging upon a common archetypal set of arrangements is now seen as an oversimplification. Instead, organizations vary in their responses, albeit within circumscribed limits. In consequence, recognition of heterogeneity has moved to the forefront of institutional discussion (Delbridge & Edwards, 2008; Lounsbury, 2001; Dunn & Jones, 2010; Thornton & Ocasio, 2008; Thornton et al, 2012; Pache & Santos, 2010; Reay & Hinings, 2009; Purdy & Gray, 2009; Marquis & Lounsbury, 2007).

The question of how organizations respond to institutional complexity is an inquiry into the relationship between an organization and the field (or fields) in which it operates. What happens inside the organization, in other words, is the consequence of those relationships. And, those relationships are structured, in part, determined by various attributes of the organization itself which ‘filter’ signals of complexity – in particular, the organization’s *position* within a field – e.g. whether it is central or peripheral and/or whether it bridges fields – its *structure, ownership and governance*, and its *identity*’ (Greenwood et al, 2011: 339).¹ Here we restrict our discussion to structure, ownership and governance, it is to these that we turn in order to understand how and why some organizations are more amenable to change than others.

¹ *Identity* is left to MaryAnn!

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Structure. Ideas do not simply ‘flow into’ an organization. Institutional prescriptions and demands are conveyed into organizations by actors interpreting those demands. We noted previously that early institutional studies looked at the role of interlocking directorates as conduits of ideas, indicating an interest in the mechanisms of diffusion. Recent work has turned more explicitly to the structures of organizations, suggesting that ideas – new and old – need ‘representation’ within an organization if they are to have influence (Pache & Santos, 2010). Hence, as Greenwood et al., (2011: 342) point out:

“... the receptivity of organizational members to a given logic is affected by the thickness of ties – such as conference attendance, club memberships, training programs, etc. – linking them to the field-level institutional infrastructure ... what matters, in other words, is not simply whether a logic is represented within an organization, but the thickness of the ties between organization members and field-level referent audiences; the thicker the tie, the more likely the logic will insinuate itself into the organization.”

Lounsbury (2001) adds nuance to this idea by noting that the nature of the representation matters. In his study of waste-recycling, universities were more likely to adopt recycling programmes if new, dedicated positions were created. Incumbents of these positions are more likely to identify with the purpose of waste recycling, have the time to commit to developing appropriate plans and practices, *and*, engage with the field-level infrastructure. Lounsbury (2001) emphasizes that direct links to field-level collective actors can assist representatives advance their case within an organization, by providing resources and encouragement. It is not, in other words, simply representation that matters.

The importance of connections to the field-level institutional infrastructure is not solely one of resource support. Field-level actors – such as professional associations – not only provide support, they monitor and *police* implementation. The effectiveness of collective self-regulation, however, is

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unclear. King & Lennox (2000: 702) summarized the institutional argument underpinning self-regulation:

“The essence of this argument is that the institutional structure that accompanies self-regulation can control behavior through more informal coercive, normative, and mimetic means ... First, coercion can be achieved through more informal mechanisms, such as showing or public exposure ... Second, self-regulation can support the emergence of new norms and values that change members’ preferences for collectively valued actions ... Finally, when collectively valued actions are also privately beneficial, industry self-regulation can facilitate the transfer of best practices ...”

Evidence from King and Lennox’s study of the U.S. chemical industry however, was, at best, equivocal. Bansal & Roth (2001), in contrast, emphasize the significance of ‘field coherence’ in ensuring that firms comply with field-level standards.

A rather different approach to how organizational structures ‘filter’ field-level discourses suggests that the very structures and practices of organizations are manifestations of particular logics, and thus influence how novel ideas arising from alternative logics may be played out. For example, studies have shown that within professional service firms there is considerable resistance to the introduction of ‘corporate’ logics, a resistance reinforced by the ‘partnership’ form of ownership and governance (which entails a particular style of decision-making and a particular style of politics) associated with the professional archetype (Cooper et al, 1996; Pinnington & Morris, 2002; Greenwood & Empson, 2003). These structures not only allow for participation, they symbolize commitment to collegial forms of behavior (much as do universities).

Ownership and Governance²

All theories of organizational change include the concept of power. Faced with institutional complexity and the need (for example) to make sense of emerging ideas such as sustainability, ‘the

² This section draws heavily upon Greenwood et al (2011).

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choice of which logic to prioritize and how to do so, will be dictated by those with power’ (Greenwood et al, 2011: 344).

One approach to understanding the distribution of power focuses upon the *type of ownership*. Goodrick and Salancik (1996), for example, show that under certain circumstances private hospitals deploy caesarian operations more often than do public hospitals. Specifically, under conditions of ambiguity the market logic was given priority. Other studies have shown how family-owned businesses incorporate the norms of ‘community’ rather than exclusively those of the market logic, into their decisions. Similarly, religious organizations prioritize different values, as indicated by Walsh, Weber and Margolis (2003: 874) who found that ‘religious values that orient Catholic universities might prompt their faculty to focus on a more expansive set of business-society relationships than their peers at universities celebrated by the business community in the *Business Week* rankings.’ The form of ownership, in other words, serves to filter and give relative salience to incompatible and novel ideas.

A second approach to the distribution of power emphasizes that it is not just *who* owns an organization that filters the complexity of multiple logics, but the *form* of that ownership. For example, the partnership form of governance, deployed by law firms and accounting firms, and not-for-profits ‘are distinguished by participation in decision processes that is wider and more inclusive than would be expected in the more hierarchically ordered publicly traded corporation’ (Greenwood et al, 2011: 345) – hence the higher likelihood of ‘discursive spaces’ for the expression of new interpretations of appropriate collective purposes.

Agency

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A central assumption of institutional accounts is that disturbances at the field-level create opportunities for actors within organizations to introduce new ideas, or to re-order their relative salience. Surprisingly, there have been relatively few studies of *how* such changes are incurred:

“That institutional logics change is not, of course, a contentious claim and numerous studies of their operation at the level of the field acknowledge the profound effects that such changes are likely to have on organizations and their members ... We know less, however, about exactly how the transformation of an organizational logic³ takes place.” (Spicer & Sewell, 2010: 914).

The list of such studies, however, is growing (e.g., Lounsbury, 2001; Battilana & Dorado, 2010; Kellogg, 2011; Spicer & Sewell, 2010; Glynn, 2000; Wright & Zammuto, 2013; Erkama & Vaara, 2010; Smets, Morris & Greenwood, 2012; Jay, 2013). All these studies highlight the relationship between organizations and the organizational field.

An apposite illustration of an institutional approach to organizational change is provided by Kellogg’s (2011) analysis of how less powerful members within an organization – in her study, hospital interns – were able to change deeply institutionalized, profession-wide, work practices by drawing on field-level discourses. She argues that such change requires the availability *and* the skillful use of cultural *and* political tools:

“Cultural toolkits are composed of symbolic elements such as frames, identities and tactics that can be brought into organizations from other settings by any organization member. In contrast, political toolkits ... are composed of material elements such as accountability systems, staffing systems, and evaluation systems that depend on the formal authority of more powerful organization members for their introduction into particular organizations. Changes over time in an organization’s broader institutional context shape changes in cultural and political toolkits inside organizations’ (Kellogg, 2001: 483).

³ An organizational logic is: “a localized configuration of discourses reflecting the broader ideational influence of institutional logics” (Spicer & Sewell, 2010: 915).

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The changes in the ‘broader institutional context’ referred to in this extract included demographic shifts (‘jolts’ in our term) – increases in gender diversity in the labor force: a shortage of labor – and cultural shifts – a widespread ‘sense of moral outrage following the death of Libby Zion in a prestigious teaching hospital. Cultural shifts invoked (in our terms) a re-theorization by the media (i.e., at the level of the field) of the intern’s role identity (e.g., from ‘newcomers’ to ‘exhausted zombie’) and of their work practices (e.g., from ‘rite of passage’ to ‘unsafe’) that influenced professional discourse (i.e., at the level of the field) and that could be drawn upon by junior professionals within hospitals (i.e., at the level of the organization). Echoing our discussion of institutional change at the field level, however, Kellogg stresses that discursive re-theorization alone, though an important prerequisite of change because it provided a new set of cultural opportunities, was insufficient for change to occur. *Political* opportunities were also necessary. Interestingly, these political opportunities were created by changes in the formal structure of the organization (e.g., the design of a new accountability system that assigned clear responsibility for program implementation). Organizational structures, in other words, matter.⁴

This study highlights that organizational change is an expression of the relationship between an organization and its institutional context. For organizational change to occur reflexivity – an awareness of possibilities – has to be aligned with the skillful use of discursive and political strategies so as to persuade audiences of the legitimacy of proposed changes. That legitimacy depends upon the attachment of proposals to the emerging generally accepted social norms within the organizational field. In many respects, change at the organizational level *mirrors* that at the level of the field.

⁴ In a separate paper, Kellogg (2009) develops an idea hinted at in the above study, namely, the importance of opportunities within organizations for reformers to meet and develop collective resistance. Again, this is an organizational-level equivalent of field-configuring events – conferences, etc. – providing social space for discursive mobilization.

Jay (2013) provides a complementary illustration of organizational change using an institutional lens. He examines how organizations change as a consequence of institutional complexity. The case is the public-private Cambridge Energy Alliance, which combined several logics (a state logic that emphasizes public service, a market logic that emphasizes client service and revenue, and a civil society logic that emphasizes community service). A key insight is that over time the relative dominance of these logics altered because of unanticipated performance outcomes that were interpreted differently depending on which logic was applied. For example, early in its development the CEA provided free home efficiency audits that were expected to lead to revenue generating engagements (from implementation of audit findings and recommendations). However, homeowners would contract elsewhere for implementation. In terms of the logic of public service, CEA was being successful but from a market logic perspective it was failing. This ‘performance paradox’ triggered internal sensemaking and the rebalancing of the logics within the organization’s activities (including its staffing practices, and the language used to describe the CEAs purpose). The study thus highlights how institutional complexity may serve as a mechanism for change and innovation.

Conclusion

From the above, we suggest that an institutional perspective on organizational change has the following features:

1. Organizations are embedded within ‘taken-for-granted’ and thus highly resilient socio-cultural contexts (‘organizational fields’) that prescribe and enforce shared understandings of ‘legitimate’ collective purposes and socially appropriate ways of achieving them. These contexts, in other words,

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provide the cognitive and normative frameworks ('institutional logics') by which organizations make sense of their world and that guide their behaviour.

2. Institutional logics are instantiated in language, roles, identities, practices and artifacts.

3. Institutional logics are underpinned by 'institutional infrastructures' composed of field-level 'intermediaries' and 'field-configuring events' that elaborate, interpret and monitor the ongoing reproduction of those frameworks.

- Therefore, radical (divergent) change at the level of the organization – such as the incorporation of ideas and practices of sustainability - is unlikely without an accompanying change at the level of the organizational field. *Change, in this sense is about the relationship between the organization and the organizational field.*

4. Successful organizational change involves both 'reflexivity' and 'theorization' (discursive and political) at the level of the field *and* the organization.

5. Organizations are increasingly confronted with 'institutional complexity', which is a mechanism for reflexivity.

6. Radical organizational change in response to changes at the level of the field does not spread uniformly across organizations. Some organizations are more likely to embrace radical change because of: (a) their 'structural position' and/or visibility within the field; (c) their interlocks with other organizations; and (c) their internal political structure.

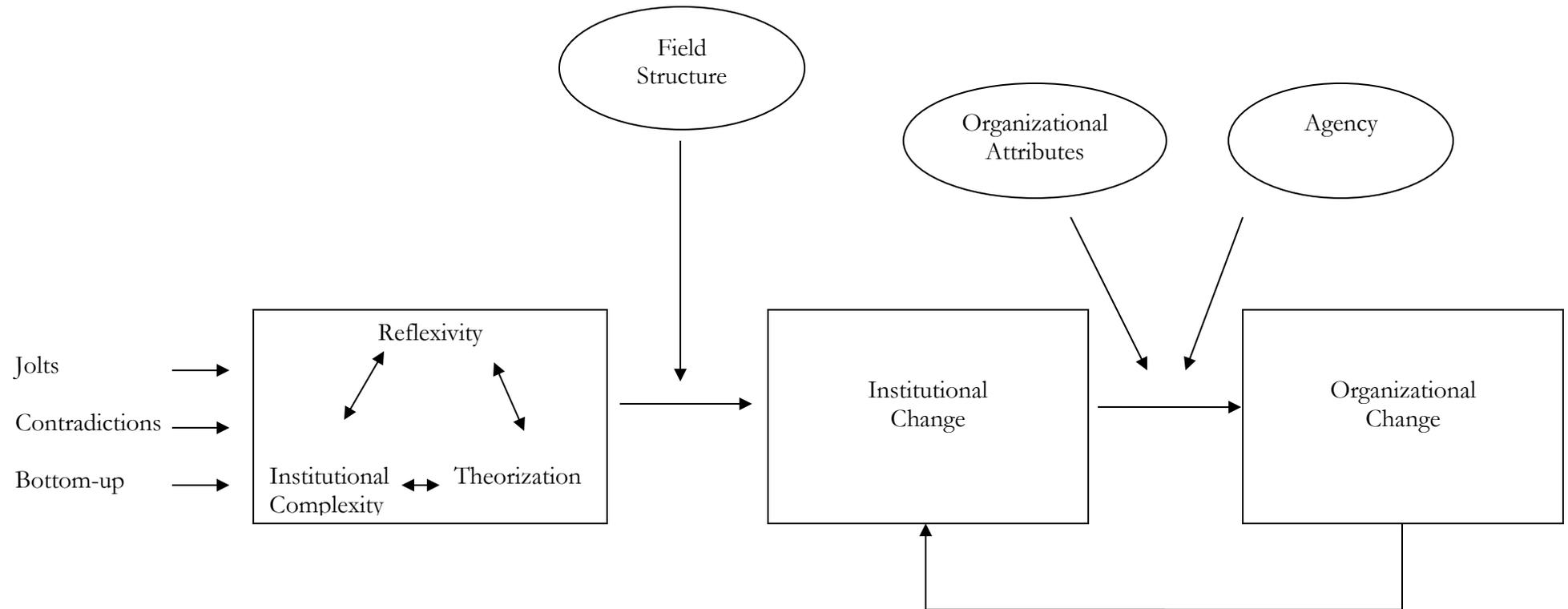
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To be done

Figure 1: An Institutional Perspective on Institutional & Organizational Change



Adapted from: Greenwood, Raynard, Kodeih, Micelotta & Lounsbury (2011)