Chapter 1

INSTITUTIONALIZATION

There is no shortage of scholars arguing that Philip Selznick's *TVA and the Grass Roots* is the classic statement of organizational theory.[1] Diverse reasons are given for this special status. However, among the important contributions of this work are the assumptions embedded in the analysis.[2] So well institutionalized into organizational sociology is Selznick's work that the underlying assumptions have often been uncritically accepted by later generations of scholars.

What is striking about this work is not only what is said, but what is not said. Missing from Selznick's analysis is the historical context, pivotal social actions, and the larger meaning of the Tennessee Valley Authority for the United States. Absent is the Depression, New Deal politics, the promise of hydroelectrical technology, and the policy debates.[3] Also absent are the conflicts involved in the origin and early development of the TVA.[4] Further, absent is the meaning of TVA as the "first (and only) extensive flirtation in recent times with a socialist program."[5]

How could Selznick write the definitive sociological book on an organization such as TVA and overlook the historical context, piv-

otal social actions, and larger cultural meanings? The answer lies in his background assumptions about the nature and dynamics of social organizations. Selznick's theoretical model collapses the social actions of people and societal institutions into the concept of the organization. The organization is viewed as a rational structure encased in an adaptive organic system with structures and practices propelled in an evolutionary pattern of development. This double collapse denies the relevance of a range of sociological phenomena by defining organizations as autonomous, apolitical, asocial, and ahistorical.

Although almost fifty years have passed, Selznick's model continues to be the framework for most contemporary organizational research. My discussion of Selznick's work and that of neoinstitutional researchers takes four steps.

First, Selznick's work and its key concepts and relationships are analytically described. Second, assumptions underlying Selznick's analysis of the TVA are discussed, along with their limitations for the analysis of change in the form of institutionalization. Third, how these same assumptions and limitations still provide the underlying theoretical structure animating contemporary organization scholarship is shown. Finally, chapter 2 proposes a historical explanation that broadens the spatial and temporal framework by incorporating social actions and societal institutions over time, and reveals a different character to the institutionalization of TVA.

SELZNICK AND ORGANIZATION

Although a brief description of Selznick's work could not possibly convey its rich and complex subtlety, a sketch of his work on TVA is required. Although they rely on assumptions and problematics that Selznick established, few organizational scholars have taken the opportunity to study *TVA and the Grass Roots*.

Robert K. Merton distinguished himself by his advocacy of theory of the middle range and refinement of functional theory. He brought these two positions to bear in the study of organizations with his watershed article, "Bureaucratic Structure and Personality" published in 1940. Merton criticizes Max Weber's ideal type of bureaucratic structure, arguing that elements of this rational structure generate consequences that are detrimental to the achievement of organizational goals. The study provides illustrations of bureau-

cratic dysfunctions as nonconforming behaviors and lays the basis for further studies of bureaucratic dyfunctions or so-called "unanticipated consequences."[6]

Selznick—who was Merton's student at Columbia—continued his mentor's work by extending and elaborating functional interpretations applied to a newly defined and circumscribed social space— the middle range—that would be understood as "organization sociology."[7] The structural functional concept of an organic system provided the link between the administrative science of Herbert Simon (1945) and the Weberian problematic of bureaucratic domination. This framework was the crucible in which to mix Simon's administrative concerns for mechanisms of control and commitment with Weber's concerns for the political and moral issues of Western rationality.[8]

Selznick approached organizations as systemic wholes, characterized by a natural harmony and consensus, which was equally functional for all participants, and relatively independent of both human agency and social context.[9] Organizations were unitary and cooperative social systems that attempted to operate on their own terms, and, as such, provided a singular laboratory for a theoretical and empirical agenda. Social action and societal processes were separate from the logic of organizational structure and policies, except as irrational constraints on the achievement of the formally rational goals of the organization.

Philip Selznick illustrated the impact of these irrational constraints on formal aspects of organizations in his ground-breaking book, *TVA and the Grass Roots*. The goals and structure of the organization were the locus of rationality and assumed. Rational bureaucratic administration—expressed in formal structure and goals, and created under technological and commercial pressures—represents the institutional expression of the rationalization of modern Western civilization.[10] The structure and goals were presumed to be the optimal combination of different aspects of rationality.[11] Selznick interprets the goals of TVA to be regional planning and resource development.[12] His central notion of structure, as bureaucratic means for the execution of those goals, is "the structural expression of 'rational action'"[13] expressed through the "impersonal execution" by officials,[14] "hierarchy of offices," and the "delegation of authority."[15]

At this point, there is a distinct separation between the theoretical system of formally rational bureaucracy and the empirical system analogous to an organism. The theoretical system is the log-

ically interrelated concepts of Weber's notion of the ideal type bureaucracy. However, the most fundamental property of the empirical system is its metaphorical understanding as an organic system with interdependent parts. Selznick defines the organization as an "organic unity" characterized as a cooperative system.[16] These concepts define an orientation toward action, as occurring in a tightly bounded, interdependent, and integrated program of adaptation to tensions in order to maintain equilibrium.[17]

Tensions

The delegation of authority is the structural feature that triggers Selznick's argument.[18] Delegation results from increasing amounts of training in specialized competencies. Yet, delegation also breaks the connection between organizational goals and members' orientation toward their achievement, thus leading to more delegation. This increases specialization and the separation between the interests of subunits and organizational goals. These subunit interests lead to centrifugal forces, including problems of compliance, conflict among subunits, and diverse and uneven policy implementation.

Selznick now makes a pivotal theoretical move. Rather than following the implications of this factional condition, leading to conflict and change, Selznick frames issues of order and stability leading in the direction of constraint and governability. To take this tack, Selznick reasserts the organization as a cooperative system, as the locus of rationality, and, therefore, the privileged interest within the theoretical scheme in which all others are irrational.[19] Selznick then develops a brilliant series of questions that were the tour de force of the day, and stand as the basis of the classical status to his work. He defines the problem of governance as the incomplete inclusion of organizational members, characterizing organizations as both rational tools and living institutions. Because organizations have lives of their own, they resist rational direction and complete control. This is what Selznick refers to as recalcitrance.[20]

This recalcitrance raises the problem of incomplete inclusion as one tension constraining the formal rationality of organization. Organizational members—as the medium of organized action—resist action that does not serve their own purposes. Selznick points to the significance of the affective, sentimental, and immediate character of individual participants. He sees people with needs of their own personalities, and having a set of established habits, as well,

perhaps as commitments to special groups outside the organization.[21] The total needs of the individual do not permit the single-minded and unilateral pursuit of stated organizational goals without other concerns, commitments, and aspirations. Resistance represents a form of tension that Selznick calls the recalcitrance of the tools of action.[22]

A second problem of governance is the tension between rational democratic planning and organizational necessity. Organizations must recognize the consequences of their activities for groups and forces within their environment:

> These forces will insist upon an accounting, and may in self defense demand a share in the determination of policy. Because of this outside pressure, from many varied sources, the attention of any bureaucracy must be turned outward, in defending the organization against possible encroachment or attack. (Selznick 1966, 10)

This is the problem of external accountability.[23]

Both tensions are considered exogenous pathological forces of organizational circumstance that compromise the organization's rationality. Incomplete inclusions and external accountability force the organization into acquiescing to these irrational constraints on its formal rationality. Thus, the organization is seen as an island of rationality in a sea of irrational constraints.[24]

Adjustments

The determinate and interdependent relationships within the system's parts force the organization to adjust to these constraints. Two basic adjustment processes—socialization and adaptation—circumscribe, maintain, and cultivate member commitment, as well as mediate the relationship between the organization and the environment.

Defining the organization as an "organic interdependent unity" commits Selznick to the use of organizational needs as his basic explanatory tool. These needs include "some continuity of policy and leadership, for a homogeneous outlook, and for the achievement of continuous consent and participation on the part of the ranks."[25] The correspondence of the present organizational needs to organizational behavior is the basis of explanation.[26] Ideology

and cooptation are the organizational behaviors presumed to be the adaptive outcomes of the organization's pursuit of its needs whose satisfactions are blocked by the previously identified tensions and constraints.

Ideology. Ideology is an adaptive mechanism circumventing the dysfunctions created by the needs and the constraints on rationality of internal recalcitrance and external forces. TVA needed to formulate a systematic promulgation of ideas or ideology to define the character of the organization, to circumscribe and shape the outlook of employees, and to placate its institutional environment.[27] This ideology functions to infuse the organization with values, thus promoting internal communication, and developing organization unity and homogeneity consistent with the values of the larger society and participating members.[28] This ideological infusion is the process of institutionalization—the transformation of the organization from a simple mechanical tool to a valued institution. Thus, the TVA ideology of "grassroots administration" adapted the organization to internal and external tensions, while addressing the needs of the organization.

Cooptation. Cooptation is a second self-defense mechanism that accommodates the needs of the TVA to the external agricultural interests in the Tennessee Valley in two distinct ways.[29] Formal cooptation brought agricultural elements into the TVA leadership lending "legitimacy to the organs of control" and reestablishing the stability of formal authority.[30] TVA's use of voluntary associations in the administration of its agricultural programs also formally coopted local citizens and served to fulfill these administrative needs.[31] Informal cooptation, on the other hand, responds to the specific environmental forces commanding material resources that could threaten the formal authority of the organization.[32] Both forms of cooptation fulfilled TVA's needs for control and consent.[33]

Selznick establishes the organizational goals and structure as rational and common standards manifested in the norms that pattern the activities of members. When members share the definition of the situation through these norms, their behaviors intermesh to produce the rational organization. Recalcitrance of the human tools represents the source that misaligns the relationship between organizational rationality and human action. Ideology and cooptation are organizational mechanisms of socialization and adjustment to circumscribe this misalignment. Thus, ideology and cooptation cir-

cumscribe the centrifugal forces allowing the organization to behave in a manner that, while satisfying the basic needs of the organization, is at the expense of its rational goals.

Policy Consequences

Selznick contends that the meaning of the actions taken by the organization is readily understood by examining their consequences.[34] This position directs analysis to the meaning of policy consequences.[35] These policy consequences of the adaptive mechanisms produce the essential "character and role of the organization."[36] However, these consequences are unanticipated. This leads Selznick to his pessimistic interpretation of bureaucratic dysfunctions in the clash between democratic ideals and bureaucratic necessity.[37]

Selznick views these unanticipated consequences of purposive action—that is, unintended and unrecognized—as the primary problematic of organizational studies. By unanticipated consequences, he means the discrepancy between the democratically defined goals and the organizational policies resulting from the bureaucratic necessity of the participation of the human tools of action. Comparing the consequences of TVA policy to their goals demonstrates the problematic aspect. The culturally sanctioned values of democratic planning and regional development embodied in TVA goals were compromised by the tools of action and constraints of circumstances forcing organizational adaptation based on needs of survival.

DOUBLE COLLAPSE INTO EVOLUTIONARY CHANGE

The theoretical image that develops is one of organizational autonomy and is restricted to evolutionary notions of change.[38] The organization assumes a privileged analytical status, and a level of analysis that is separated from both society and people. In Selznick's analysis, the organization is a "natural whole," in which goals are given, structures are spontaneous, and change is "cumulative, unplanned, and adaptive response to the threats to the equilibrium of the system as a whole."[39] The organization strives to survive, and development is "regarded as an evolution, conforming to 'natural laws' rather than to the planner's design."[40] Later neoinstitutional researchers continue to adhere to a form of this assumption of organizational autonomy, and they continue to couple it with evolu-

tionary notions of change.[41] These implications are treated in the next section on the mechanics of this presumed organizational autonomy.

There Is a Collapse of Social Action into the Forms and Practices of the Organization

Organizations with rational goals and structures represent the central common moral and normative standard of society. This central standard is composed of a consistent fabric of values. The organization is rational and is the dominant singular interest with agency embodied in organizational authority. People are the raw material, or so-called "tools of action," on which organizations work, and they are to be manipulated in the maintenance of the structure and furtherance of higher goals. People are irrational, affectively driven, cognitively and morally diminished, and lacking in interpretive competence and practical consciousness. Thus, autonomous and meaningful action on the part of people is denied.

This view of the organization represents a refusal to recognize inconsistencies within the central moral and normative standard that is reflected in goals and structures. There is a similar refusal to recognize that the organizational division of labor produces interpretive variation and distinct interests that are capable of manipulating culture to exploit inconsistencies in organizational goals. Organizational members' interpretations, intentions, and interests have no autonomous existence. Thus, members are denied the capacity to formulate alternative patterns of organizational structures and visions of policy, nor can they act on them.

Although recognizing recalcitrance, Selznick concentrates on socialization and adaptation as the mechanisms translating, determining, and imposing the common organizational standard and circumscribing members' actions, thus stripping them of autonomous interests and capacities. This allows Selznick to assert the equivalence between the motives of organizational leaders and the needs of the organization.[42] He argues that the "grassroots-administration" ideology of the TVA was a response to the needs of the organization to "reassure external elements" and "so educate its own ranks as to maximize the possibilities of social acceptance."[43] According to Selznick, the idea of a TVA grassroots administration was a spontaneous creation resulting from the organization's need to educate its own ranks. Thus, he explains the ideology as a purpose without pur-

posive actors, treating this ideology as external to people's meanings, and as an exclusive property of the organization.

There are limitations to Selznick's theoretical position as it applies to the TVA. First, he presumes mutually consistent goals, ignoring the TVA's diverse goals and the conflicts over their interpretation. Recognition of these inconsistencies in TVA goals and normative standards requires a conception of competing and contradicting goal interpretations and conflicts concerning TVA policy. Second, this position obscures how David Lilienthal, one of the first members of the TVA Board of Directors, used the idea of a grassroots administration in his conflict over TVA policy with Arthur Morgan, the chairman of the TVA Board. Selznick assumes that the ideology, was exclusively a socialization mechanism internalized by members. The interiorization of the notion of culture or ideology in organizational analyses obstructs the exterior conception of culture and ideology and their strategic uses.[44]

The Collapse of Societal Structures and Cultures into Organizational Structure and Practices

This collapse is illustrated by the way in which initial organizational structures, goals, and societal values are mutually defined. Again, Selznick invokes the central-values system of society, and a single integrated normative system orienting organizational goals and structure. There is an a priori assumption of consistency in the cultural system of society with values and symbols assumed to be compatible and mutually consistent. This mutually consistent and compatible value system is translated into TVA's goals and structure by theoretical fiat. Democratic participation is a principal value of society and, therefore, TVA's goals of democratic planning and participation in regional development are mutually consistent. This homology between societal values and organizational goals is a collapse of one into the other. The collapse of societal values into organizational goals and structure is intrinsic to the idea that postulates that the same theory (of society) is adequate for any action system (an organization).

The inconsistency of societal values and lack of correspondence between societal values and organizational goals is illustrated with TVA's goals. Selznick takes the goals of the TVA to be democratic planning and regional development. Yet, the TVA Act delegated to the TVA certain goals—including flood control, navigation, fertilization, conservation, and electrical power production and dis-

tribution—which provide more than a little room for inconsistency.[45]

Although TVA was viewed as being embedded in a multiplicity of commitments effectively based on interpersonal and interorganizational relationships, what is external to the organization is primarily symbolic, mutually consistent, and integrated. For Selznick, the problem of incomplete inclusion results from the commitments of members and the informal cooptation that resulted in bringing external interests into the TVA decision-making apparatus. Exclusive focus on commitment as a determinant of organizational behavior limits efforts to examine

1. Organizations enacting their environments;
2. Multiple contradictory external rules and the material requirements of organizational survival;[46] and
3. The substance of broader political, economic, technological, and ideological features in which organizations are located.[47]

Collapsing the symbolic context into TVA gives rise to selective examination of only those interorganizational relations that fit the theory. These assumptions limit the theory's ability to appreciate that an inconsistent environment might be manipulated and even constructed. This theoretical homology between environment and organization allows only the examination of the organization's passive adaptations to the environment.[48] The environmental stimuli of hostility is a constant and not a variable. In addition, passive adaptation cannot incorporate how TVA members and their allies conspired to construct and reconstruct TVA's environment by passing congressional legislation relevant to its electrical-power program and buying Commonwealth and Southern utility properties. This aspect is discussed more completely in chapter 8.

Further, the notion of cooptation illustrates how Selznick selectively analyzed TVA relations based on affective loyalties. However, the motivational basis of the relationships is ignored. Evidence for cooptation is based on the relationship between the Department of Agricultural Relations and the Land Grant College System.[49] This relationship, Selznick argues, accounts for the change in the character of TVA. However, evidence available to Selznick suggests that this relationship was an insignificant factor in the overall survival and character of the TVA. The Department of Agricultural Relations is but one of several departments within one of several divisions within the TVA (see figure 1.1).

FIGURE 1.1
Tennessee Valley Organization Chart*
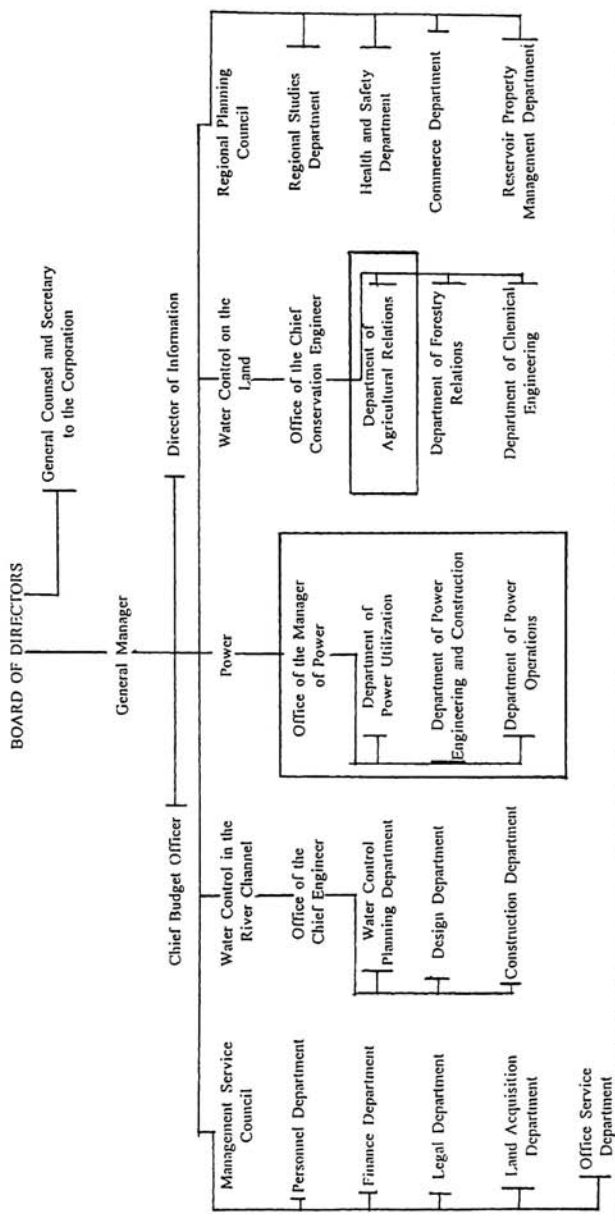
*Adapted from Selznick (1966:106).

On the face of it, the important policy-making power of the TVA is far removed from this department. In addition, the administrative budget for this department suggests that it was less than central to the operations of the TVA. Thus, the department was unlikely to affect the survival and character of the organization (see table 1.1).

The Agricultural Relations Department represented less than three percent of departmental administration and other expenses. The power departments relationships to external actors would have been the logical selection for analysis, based on their authority and budget, which affected the character of the TVA with divisional status and one-third of Departmental administration and other expenses.

Finally, Selznick's use of grassroots-administration as an ideological adaptation illustrates the misinterpretation of a societal ideology as an organizational adaptation mechanism, and ignores the broader historical context. Selznick asserts that the grassroots ideology "did not precede the establishment of the TVA nor did its precepts materially influence the nature of the organization created by the TVA Act."[50] This assertion allows Selznick to focus on the consequences of an ahistorical ideology, and ignore its sectarian origins by presuming that it was a spontaneously emergent response to current organizational needs.[51] However, a historical analysis recognizes the promotion of decentralized administration—the root notion of grassroots administration—by a group of policy advocates at the turn of the century, prior to the creation of the TVA (see chapters 3, 4, and 5).

The Double Collapse of Social Action and Societal Structure into Organizational Structure and Practices Constrains Institutional Scholars to Use Evolutionary Notions to Explain Organizational Change[52]

The double collapse of society and action into the organization is premised on the a priori assumptions of society representing a consistent cultural pattern; societal values determining organizational goals and structure; and normative standards, socialization, and adaptive mechanisms shaping and patterning the action of its members. The net result is the integration of a self-regulating and self-transforming organization.

The premises are based on the imperatives of a functional social system. These assumptions allow Selznick to propose a smooth,

Departmental Administration and Other Expenses:

Power departments, including accounting office...............**$897,399.58**
Department of chemical engineering, including
    accounting office and storeroom at Muscle Shoals 543,861.31
Department of reservoir property management,
    including village and reservoir property office.................393,262.06
Health and safety department...372,460.31
Commerce department...112,848.33
Department of regional studies...109,711.99
Land acquisition department 85,250.00
Department of agricultural relations.....................................**75,319.89****
Chief conservation engineer's office..16,813.92
Engineering departments, the activities of which are
    now devoted primarily to construction—portion
    applicable to expense of programs 93,114.59

$2,762,358.74

General Administration and Other Expenses:

Board of directors 64,261.64
General manager's office 48,257.92
Budget office...72,420.18
Washington office 31,125.93
Priorities expediting unit 19,724.40
Information office, including technical library service 143,710.36
Personnel department, less $253,034.44 charged direct
    to project costs 776,905.49
Finance department...691,056.90
Office service department 651,373.02
Material department..455,676.11
Legal department, excluding condemnation expense..........196,827.23
Other general expense net..9,229.18

*Contributions to Employees' Retirement System, after
Deducting $6,358.70 Recovered from Other Federal
Agencies on Loan of Personnel*...1,506,759.98

TOTAL ADMINISTRATIVE AND
    GENERAL EXPENSES 7,411,228.72

Source: TVA Annual Report, Schedule J. (1943,83).
**Note:* The Agricultural Relations Department represents less than 3 percent of Departmental Administration and Other Expenses and approximately 1 percent of the Total Administrative and General Expenses.

adaptive, and homeostatic organization following an evolutionary pattern. The direction of social change becomes the irreversible and logical culmination of organizational evolution. The events that make up organizational practices and policies are presumed to lie in a linear path connecting the past with the future. The past is deduced from the present by asserting a well-defined and self-contained developmental trajectory based on the life cycle of a biological organism.[53] This type of history looking backward is the basis of the moral ambiguity of Selznick's work.[54]

This focus on organizational policy as an outcome places organizational structure and practices beyond the reach of politics. Politics as the contingent conjunction of social action and institutional configurations is swept from the analytic landscape.[55] Thus, the historical development of TVA is disregarded and assumed to have little or no effect on the policies examined. There is no examination of the historical processes leading to the resource distribution within the TVA.[56] Time is simply the medium of adaptation, not an independent variable crucial to the analysis. Presumptions of evolutionary adaptations are substituted for historical analysis.

THE PROBLEM OF CHANGE

These remarks might seem to be obscure, if not for the recognition of Selznick's work as the locus classicus of organizational sociology, and his stature as the intellectual godfather of the currently popular new institutionalism.[57] In fact, Selznick's work institutionalized into the conceptual structures of the scholarly community an understanding of "organization" as a specific category or field of sociological analysis. Selznick's work, in large part, charted the course upon which current organizational analysts still heavily tread.

A few scholars have addressed the lineage between Selznick's work and that of the neoinstitutionalists.[58] These similarities have striking implications for the analysis of change and institutionalization. The most intellectually powerful assumption of the old institutional school is that organizations are an autonomous level of analysis that evolves over time. However, Gouldner (1973) pointed out that organizational autonomy is related to the broader sociological-domain assumption of the ontological autonomy of social structures and the dependent status of the raw material on which they

work. This broader interpretation links institutional researchers'
use of organizational autonomy—such as Selznick's—with neo-
institutional researchers' use of organizational fields or sectors and
the dependent status of their raw materials—namely, organizations
and people.

The presumptions that some central-value system or cultural
code orchestrates all or most action, and that people are placeholders
in this determination, makes it difficult to theorize change. This
conception has difficulty addressing the questions of why change
occurs, how change occurs, and what is the content of change. For
example, in reviewing the collection of articles edited by Powell and
DiMaggio (1991), Andrew Abbott (1992a) contends that, as with Par-
sonian functionalism, a theory so linked to the issue of reproduction
has difficulty attending to the issues of creation and transformation.
He adds that "The problem of how to theorize stability without
untheorizing change remains a central difficulty for new institu-
tionalism, . . ."[59] Wolf Hydebrand (1989) and Howard Aldrich (1992)
similarly contend that the fundamental basis of new—or, for that
matter, old—institutional theory is a Parsonian systems theory. The
characteristic focus on order and reproduction, the collapse of envi-
ronmental norms and organizational structures, and the incapacity
to handle organizational change reveal its genealogical pedigree.[60]

These criticisms become apparent when neoinstitutional the-
ory is recognized as old institutional theory, just ratchetted up one
level of analysis. The central autonomous structure for neoinstitu-
tionalists is the organizational field.[61] This is the central cultural
system that is presumed to be composed of mutually consistent val-
ues, beliefs, symbols, cognitive categories, and other elements. This
level defines the locus of rationality, and, as such, the singular inter-
est and basis for agency in the theoretical system. This is referred to
as the "locus of institutionalization."[62] This privileged level of anal-
ysis is the result of the double collapse of extrafield and intrafield
phenomena. These extrafield phenomena are mostly ignored, but,
when addressed, they are symbolic, mutually consistent, and con-
taining no interest or agency of its own. Yet, it instructs and guides
actions within it through "role expectations with reflexive depic-
tion of their proper roles."[63] Organizations now become the raw
material and locus of irrationality—particularly formal structures—
for the neoinstitutionalists. Organizations—or their decision mak-
ers—are presumed to share the cognitive models or scheme and
scripts of the central cultural system of the field or sector. Field-

level classification schemes define, for organizations or their decision makers, the definition of the situation, which, in turn, produces conformity and homology between cultural definition and organizational structures.

The mechanisms of this homology are isomorphisms—mimetic, normative, or coercive. These isomorphic mechanisms are, to neoinstitutionalists, what socialization and social control are to early institutionalists. The presumed mutual consistency of societal values, the organizational field, and organizational structures and practices, is argued on the basis of "the legitimacy imperative."[64] This particular imperative is the special variation of Parsons's imperative of functioning social systems—that is, the imputation of compatible values, symbols, scripts, and classification schemes, which are mutually consistent, because consistency is necessary for the stable and orderly functioning of organizational fields. This is so because these properties must be that way if change and institutionalization are to work in a particular way—namely, in a smooth, adaptive, equilibriating, and evolutionary pattern.[65] Let us examine the neoinstitutional arguments more closely.

Extrafield environments—perceived to be mutually consistent symbolic representations—create difficulty for developing a notion of this symbolic environment that separates—both analytically and empirically—cultural elements from action patterns of individuals, groups, and organizations. Thus, the arguments tend to be tautological. As Wolf Hydebrand (1989) says

> Indeed, it is argued that institutional isomorphism contributes to the reduction of turbulence and the stabilization of environments, an argument that is almost true by definition since institutional norms and organizational forms become mutually defined and elaborated in terms of each other. (Meyer and Rowan 1983, 33; Hydebrand 1989, 33)

The norms of industries, professions, and national societies are presumed to be consistent, and slowly and incrementally to change organizational structure and practices through coercive, mimetic, or normative pressures.[66] These norms are collapsed, however, into the cognitions of organizational members taking the form of individual "taken-for-granted scripts"[67] and "rationalized and impersonal prescriptions,"[68] and "departments and operating procedures."[69] However, this collapse or mutual definition is a fallacy of normative

determinism—that is, assuming that, because these norms are the-
oretically meant to control behavior, then this is sufficient grounds
to assume that they are successful.[70]

The collapse of this consistent culture into an organizational
field is illustrated as it is applied to the origins of organization.
Richard Scott says

> . . . institutional theorists emphasize the extent to which the
> world is a product of our ideas and conceptions—the socially
> created and validated meaning that define reality. . . . such
> beliefs are widely held by people in modern society. . . .[71] (Scott
> 1992, 163)

Thus, the creation of a new organization form occurs when
most everybody believes that it is correct to create this organiza-
tion in a particular way. Scott goes on to quote Hannan and Freeman
on the introduction of new forms of organizations.

> A form is institutionalized (in the sense of being taken-for-
> granted) when no question arises in the minds of *actors* that a
> certain form is the natural way to effect some kind of collective
> action. In this sense the labor union form became institution-
> alized long before the Wagner Act, which was enacted several
> decades after *workers* had stopped debating whether labor
> unions were the natural vehicle for collective action for
> improving conditions of work. [Emphasis added] (Hannan and
> Freeman 1989, 56–57)

The interpretation of the "labor union," as recognized "in the minds
of actors" as the "natural way" to effect collective action, flies in the
face of American labor history.

Friedland and Alford (1991) take this form of neoinstitutional-
ism to task, not only for the lack of analytic and empirical indepen-
dence of context and organizational pattern, but also for the pre-
sumed consistency of the structure of the organizational field, and
not separating societal ends from organizational means.

> For the institutionalists, defining the boundaries of an organi-
> zational field [environment], within which there are strong
> pressures for conformity, is difficult and potentially tautologi-
> cal. The approach seems to assume that formal attributes of

organizational fields can be specified independently of the insti-
tutional arena [society] 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 con-
form or deviate from established patterns. (Friedland and Alford
1991, 244)

Without explicit attention to the content of the institutional
configurations of society, within which organizational fields are
embedded, organizational theorists are inhibited from developing
persuasive accounts of institutionalization or change in organiza-
tional practices and forms.[71]

Reversing focus from society to social action, we find that
social action and interests continue to be separated from organiza-
tional structures, practices, and policies. A central issue for neoin-
stitutional researchers is the development of the relationship
between institutional creation and reproduction. This raises the
issue of the source of institutionalization. This complex issue is
related to levels of analysis; the micro- macrolinkage; action and
institutions; and views of individuals. An unevenness on these issues
has developed in the literature. Some authors maintain the assump-
tions of collapsed levels of analysis.[72] Others raise the issue of ana-
lytically separate levels of analysis with separate capacities and
micro- macrolinkages.

The importance of this theoretical distinction is contested. The
strength of the assumption of a single autonomous structure as the
embodiment of rationality, interests, and agency is reflected in the
theoretical quarrels among neoinstitutional scholars. On the one
hand, the Stanford group tends to maintain the structural autonomy
position.[73] On the other hand, several neoinstitutional types have
moved away from this position and toward more dualistic positions
incorporating extrafield contradictions[74] and intrafield interests,
agency, and conflict.[75] This latter group of authors has begun to
establish issues of action across levels of analysis tending to view
individuals as possessing historical and structurally located inter-
ests, as well as being capable of reflection and of pursuing their inter-
ests.[76] This aspect is discussed in chapter 2 of this book. For now, I
illustrate the latter dualistic position.

For those neoinstitutional scholars that collapse action and
institutions through their mutual definition into a single,
autonomous, and privileged level of analysis, an evolutionary view of

change is maintained.[77] Rather than being created by someone at some particular time, institutions are assumed to accumulate simply from the incremental and imperceptible changes brought about by increasing ideational differentiation of society and increasing inter- actions of people. These people and their separate interactions are viewed as somehow being channeled and coordinated by widely shared and taken-for-granted beliefs that an organization should be changed.[78] Organizational history is conveyed and conceptualized as a continuous flow of social interactions that are repeated or habit- uated, and that simply accumulate here and there into what we call "organizations." Change is seen as slow, continuous adaptation in a homogenous and eventless social world. As David (1987) indicates, for these types of researchers the world is a powerful flux, a broad and mighty river that shapes and reshapes the social landscape and, in the process, sweeps social actors and institutional configurations along in its current.[79]

This evolutionary view of social change focuses on the conse- quences of organizational structures and practices, to the neglect of the causes involved in their institutionalization.[80] Neoinstitutional approaches begin by taking the organization as a given, developing a rigid definition of the organization, which, in turn, results in the collapse of the society and social action into a prepolitical singular category called "organization."[81] This concept puts human agency and societal context beyond the present scope of the neoinstitu- tional theory. In a phrase, organizational structure and goals, as well as societal contradictions and human actions, are interpreted as exogenous to the model. This interpretation severely limits the capacity of the theory to offer satisfying explanations of organiza- tional change or its institutionalization.

A dualistic position—action and institutions are analytically separate—has begun to emerge among neoinstitutional researchers. DiMaggio (1988, 1991) suggests that institutional formation is the theoretical moment for focusing on agency. By "agency," he means a rational actor, with a set of self-interests to be defended and advanced by creating new institutional rules that support those inter- ests. Both DiMaggio (1988) and Powell (1991) raise the issue of the exercise of power (or agency) by particular interests in the forma- tion of institutions. Powell quotes Stinchcombe (1968, 107) in defin- ing institutions as "a structure in which powerful people are com- mitted to some value or interest."[82] DiMaggio quotes Gouldner's (1954) argument that institutions have never "developed and oper-

ated without the intervention of interested groups . . . which have different degrees of power," and that the persistence of an institution is often the "outcome of a contest between those who want it and those who do not."[83] Both DiMaggio and Powell recognize that elite interventions might play a critical role in institutional formation. Powell notes that elites might design institutional practices that service their interests. Thus, elites are both "architects and products" of institutional formation.[84]

PORTENT TO CHAPTER 2

It is more than a bit ironic that Merton's criticism of Weber's work was the intellectual generator of the institutional school and most of the work of the 1940s, 1950s, and 1960s. By continuing to collapse social action and institutional configurations into an ideational, monolithic, and autonomous level of analysis, the institutional school neglected a path that is potentially fertile with the tools to examine organizational change. Weber's emphasis on social action understanding (*verstehen*) and institutional configurations provides a nonfunctionalist, nondeterministic, and nonevolutionary solution to the problem of finding the building blocks for change in the form of organizational institutionalization.[85]

My objective has been to show that Selznick and neoinstitutional scholars collapse culture—ideas or organization—and people. This prevents any interaction between culture and action. Further, cultural properties are presumed to be mutually consistent, and action is patterned, passive, and conforming. Cultural properties, such as cultural rules or central-value systems, are presumed to orchestrate the actions of individuals, groups, or organizations. Finally, this latter category of raw material is seen as the bearers of cultural properties. The mechanisms that accomplish this collapse were once socialization, but are now the legitimacy imperatives carried through mechanisms of isomorphism.

In chapter 2, I argue that culture, ideas, or logics might be contradictory and I argue for their analytic separation from the social actions of individuals and groups. I contend that the interaction of contradictory institutional logics and social action provides a better explanation of institutionalization. Ideas condition social action, but actions respond to and react back on a differentiated and contradictory set of cultural symbols, myths, categories, and values. This interaction is

sequential where narrative methods of explanation incorporate time as a critical variable in the analysis, and are not simply a medium for adaptation.

Chapter 2 is an abstract discussion of the concepts and methodology of this book. It may be skipped altogether or read last by the less committed student of organizations.