Actors and Institutions

Editors' Introduction

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Over the past two decades, neoinstitutional theory has challenged the dominant functionalist explanations of organizations and has become one of the most creative and promising new paradigms in the social sciences. Since the publication of Meyer and Rowan's (1977) seminal "Institutionalized Organizations: Formal Structure as Myth and Ceremony," neoinstitutional ideas have gained a wide audience not only in sociology and political science but also in business administration and economics through a series of articles and books, notably Meyer and Scott's (1983) *Organizational Environments: Ritual and Rationality*, Scott and Meyer's (1994) *Institutional Environments and Organizations*, Scott's (1995) *Institutions and Organizations*, and Powell and DiMaggio's (1991) *The New Institutionalism in Organizational Analysis*. Neoinstitutionalism has emerged as a powerful social science paradigm, which has brought a new understanding of the role of meaning in the production and reproduction of social practice not only to organizational analysis but also to the study of public policy, education, and business strategy. However, since its inception, internal participants (DiMaggio, 1988; Zucker, 1977) and external critics alike have worried that neoinstitutionalists do not make clear the role of actors and action in the creation, diffusion, and stabilization of organizational practices. Some charge, in effect, that neoinstitutionalists have replaced the invisible hand of the market with the invisible hand of culture.

The articles collected here were presented at a conference on the role of actors in new institutional analyses of organizations held in Vancouver, British Columbia, in August 1995. The steppingstone was the book *The Institutional Construction of Organizations*, edited by Scott and Christensen (1995), which brought American and European research traditions together. The organizers of the Vancouver symposium identified a group of scholars who were dealing with

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issues of action within neoinstitutional theory. The purpose of the symposium was to address the troubling gap in new institutional analyses of organizations—the seeming lack of a theory of action.

Neoinstitutionalists deal with the creation of new social practices at a very macro level—at the level of the economy, organizational field, or industry—tracking the rise and diffusion of new practices, whether affirmative action departments or the poison pill strategy. Few make explicit the role of actors and action in the process of institutionalization (Zucker, 1988). However, neoinstitutional studies contain at least three implicit theories of actors (Scott, 1994). One approach has been to patch together a social constructionist view of organizations with a rationalist view of actors and agency. This leads to realist modern individuals acting within socially constructed organizations. A second approach has been to treat the theory of the organization and the theory of the individual as an integrated set of empirical generalizations by developing a middle-range theory of how contemporary processes of interest articulation and organizational decision making have institutionalized themselves (e.g., Fligstein's [1996] "Markets as Politics"). A third remedy has been to develop a constructionist view of modern actors in which the primordial characteristics of individuals—that is, individual forms and individuals as a level of analysis—are historically constructed (e.g., Meyer, Boli, and Thomas's [1987] "Ontology and Rationalization in the Western Cultural Account").

We asked the contributors to this volume—leading students of institutions and organizations—to explore the role of actors in institutional analysis explicitly. The contributions develop these three approaches as well as new approaches to understanding how actors and action play out in a social constructionist, neoinstitutional approach to organizations.

The contributions seem to us an excellent mix of theoretical articles and empirical applications. This issue begins with theoretical treatments and then moves to empirical studies. The theoretical articles (Fligstein, Hirsch & Lounsbury, Karnøe, Pedersen & Dobbin, Schmidt) develop new ideas by bringing together different schools of thought. The empirical studies deal with the environment (Clark & Jennings, Lounsbury), the construction of strategic action among business enterprises (Christensen & Westenholz, Dowd & Dobbin), and technological institutions and industries (Zucker & Darby, Garud & Ahlstrom, Norus).

THEORIES OF ACTION

In the first group of articles, the authors bring insights from kindred theories to conceptualize the role of action in institutional theory—from network and social movement approaches, from Selznickian institutionalism, from organizational culture theory, from business systems theory, and from French poststructuralism. These articles tackle the active social construction of reality by individuals within organizations from very different angles.

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Fligstein proposes the idea of institutional entrepreneurs to develop a theory of action that depends on organizational context as an alternative to the rational-actor approaches that have become popular in political science. Hirsch and Lounsbury synthesize the theoretical insights from the early institutional studies of Selznick and colleagues (which focus on the active institutionalization of practices within organizations) with the insights of later institutionalists (which emphasize interorganizational processes) to develop an insider-outsider approach to action. Karnøe argues that actors involved in sense making and enactment of institutions must be seen as embedded within wider institutional systems of rules. Social validation of the appropriateness of any type of action takes place in a very particular social context and according to the specific institutional rules that obtain. Pedersen and Dobbin explore the social definition of the modern organization *as* an actor by reviewing the neoinstitutional literature, which suggests that collective actors are formed by the social invention of uniformity across particular entities and the organizational culture school, which suggests that collective actors are formed by the social invention of identity or uniqueness across particular entities. Schmidt emphasizes the methodological necessity of addressing the individual in real-life practice. Drawing on continental sociology, he argues that institutions have impact and gain their raison d'être in the practice of the individual. Practice in turn creates, shapes, and dissolves institutions.

STUDIES OF ACTION

In the second group of articles, the authors bring theories of action to empirical studies of organizations. Several of the articles examine the evolving social construction of actors in a period of industry or national change to explore how taken-for-granted actors and scripts for action are socially formed in the first place. Two look at the recent construction of the environmental movement and recycling industry. The next three look at the construction of rational action among entrepreneurs, corporate boards, and supranational business organizations. The final three articles explore the social construction of technical efficiency within organizations and industries through the construction of particular actors.

Clark and Jennings review recent social constructionist theories from both sides of the Atlantic to develop an approach that emphasizes the role of talk. In a study of the environmental movement, they explore the evolving construction of the boundary between the natural world and humans through the active construction of the linguistic boundary. Lounsbury develops a typology of institutional approaches, showing that institutionalists work at two different levels (micro and macro) and that they use two different theories of action (one emphasizing habits amd routines and the other emphasizing interests and

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values). In an illustration from the field of recycling and solid waste, he shows that four approaches to institutions suggest entirely different research questions.

In a study of the effects of early railroad regulation, Dowd and Dobbin explore how actors' notions of rational action are influenced by the institutional environment. They show that entrepreneurs actively construct new scripts of rational action and wider economic laws when policy institutions change dramatically. Christensen and Westenholz use neoinstitutional insight to understand the social construction of employees as strategic company actors on boards of directors. They argue that following Denmark's 1973 employee representation legislation, board representatives infused this institutional form with meaning through a process of identity construction. The new institutional role, they argue, was based on market rather than class analogy.

Zucker and Darby examine a key action role in the modern firm. Star scientists are particularly influential in organizations that depend on their expertise. Organizational decisions to change or build institutions following new inventions are based on rational calculations about returns, as interpreted via scientists' ability and prestige. In his study of the biotechnology industry, Norus focuses on the role of social capital. How do individuals' networks shape technological change? Norus shows the importance of understanding interrelated action not only within firms but also across different professional networks that operate within firms. Professional/institutional context shapes action in part by shaping actors' assessments of technologies. Garud and Ahlstrom find that corporate actors operate with different frames of reference and levels of inclusion. Their assessments of health care technologies depend on these frames and levels, and their actions differ significantly as a consequence.

Taken together, these provocative articles suggest that the problem of the actor in neoinstitutional theory will not be resolved in a single manner but rather by a sort of intellectual triangulation. We began by outlining the three approaches to the actor found in most neoinstitutional studies—the rational-actor-in-a-constructed-world view, the middle-range conceptualization of both actor and organization, and the radical constructionist view of both. Each reflects an effort to hold one part of the social world constant to understand a different aspect of the actor. The studies in this issue show the great analytic leverage that can be gained by looking at the actor from several viewpoints at once—in one moment asking how a modern rational actor will respond to constructed management rationale, in the next asking how actor and organization interact empirically, and in the next asking how the modern rational actor emerged historically. These explorations suggest that social constructionist students of the modern organization will not converge on a single conception of the actor but rather will continue to problematize different aspects of the actor in different moments. The theory of the actor in institutional analysis thus may remain a moving target precisely because neoinstitutionalists conceive of the actor as socially constructed.

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