3

Defining the Interinstitutional System

Introduction

Friedland and Alford's (1991) most critical contribution to the development of the institutional logics perspective is their theory of institutions at the societal level—what they termed the interinstitutional system. While their societal-level ideas eventually produced a disruptive effect on neoinstitutional theory, they needed considerable development to spur the research currently occurring within the institutional logics perspective.

Here and in chapter 5, our goal is to impart a working knowledge of the interinstitutional system as an essential guide to understanding the meta-theoretical architecture of the institutional logics perspective. First, we define the concept of the interinstitutional system and then chronicle its development as a typology useful for theorizing and measuring the effects of institutions on cognition and behavior. This chronicle includes a discussion of why Friedland and Alford's (1991) implied typology of the interinstitutional system needed development and why the proliferation developed by Thornton (2004) is not complete. We further develop the typology of the interinstitutional system by presenting a new variant that includes a new institutional order—the community logic.

We herald the importance of the concept of the interinstitutional system as a recursive theory of society that incorporates individuals and organizations (Friedland and Alford 1991). We develop examples and applications in response to theoretical limitations identified in prior chapters. Recall in chapter 1, we briefly highlighted those limitations by opining that any theory of institutions needs a way to 1) integrate, yet illustrate the partial autonomy of social structure and action, 2) understand how institutions operate at multiple levels of analysis, 3) integrate the symbolic and material aspects of institutions, and 4) explain institutions as historically contingent. As we will explain here and in chapter 5, without some mechanism for partial autonomy of social structure and action, a theory of institutions cannot explain institutional origins and change.

Likewise, without a method to integrate the symbolic and the material aspects, institutional change cannot occur.

Overall, our aim in elaborating the interinstitutional system is to identify and simplify its properties to show its advantages in addressing these theoretical challenges in empirical research. In chapter 5, we continue the discussion of the interinstitutional system by focusing on its historical contingency, systemic properties of stability and change, and further applications of the typology to understand institutional change.

Definitional Differences

Thornton and Ocasio (1999) fused insights developed by Jackall (1988) and Friedland and Alford (1991) in their definition of institutional logics as the socially constructed, historical patterns of cultural symbols and material practices, assumptions, values and beliefs by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their daily activity. It is important to note that Friedland and Alford's (1991) approach is both structural and symbolic, whereas Jackall's (1988) is both structural and normative. Thornton and Ocasio's (1999) perspective integrates the structural, normative, and symbolic as three necessary and complementary dimensions of institutions. This is distinct from the separable structural (coercive), normative, and symbolic (cognitive) carriers, as suggested by Scott's (1995, 2001, 2008a) institutional-pillars approach discussed in chapter 2. The institutional logics perspective integrates these concepts. Various bases for structure, norms, and symbols are integral parts of any institutional order; they are variable attributes on the Y-axis of different institutional orders.

According to Thornton and Ocasio's (1999) definition, institutional logics that motivate cognition and behavior are derived in part from external socially constructed stimuli. Thus, to understand how institutions are created and how they influence cognition and behavior, one needs to understand how institutions shape interests independently of individuals and organizations. This is what Friedland and Alford (1991) referred to as the "exteriority" of institutions in their now classic "Bring Back Society" chapter. Their primary goal was to stimulate ideas on how to bring the content of societal institutions into individuals' and organizations' behavior (Thornton 2009). They highlighted many of the basic ingredients to develop a "levels" theory of institutions that links internal mental cognition to external societal rituals and stimuli (Wiley 1988). They argued that three levels need to be included, "individuals competing and negotiating, organizations in conflict and coordination, and institutions in contradiction and independence"

(Friedland and Alford 1991: 240–241). Note that the concepts of "individual" and "organization" can be transposed, and that the interinstitutional system provides a framework for understanding a levels metatheory of institutions. This levels metatheory is conceptualized as a matrix in which institutional orders are represented on the X-axis and the elemental categories that compose an institutional order are represented on the Y-axis (Thornton 2004).

The Interinstitutional System as Ideal Type

One way to incorporate the core assumptions of the institutional logics perspective in a representation of the interinstitutional system and make it suitable for systemically advancing theory construction is through the development of a typology of ideal types to aid scientific inquiry (Doty and Glick 1994). Scientific discovery assumes a prior construction of categories applied to observations to simplify and organize them. The purpose of systematically developing analytic categories a priori is to highlight what is essential about the phenomena and to constrain the natural and often unconscious process of observer bias. Friedland and Alford's (1991) concept of the interinstitutional system, with some modifications to be subsequently discussed, offers a typology of ideal type categories as a tool for empirical analysis. We believe that institutional logics ideal types are an analytical advance in cultural analysis over prior normative and latent-variable (Parsons 1951) and structural organization-field approaches (DiMaggio 1997). They help the researcher sharpen the questions considerably and theorize how to link the inter-institutional system to agentive theoretical approaches such as tool kits and event sequencing (Thornton 2004). According to the latent-variable approach, individuals act based on their socialization to cultural norms and values within particular domains such as families and corporations. As we will illustrate in chapter 5, the implications of conceptualizing the interinstitutional system as ideal types is to mitigate Swidler's (1986) critique that socialization to norms places limits on culture as a source of strategic action (see Thornton 2004: 38–45).

Ideal types are a tool to interpret cultural meanings into their logically pure components; the concept is one of Weber's most celebrated contributions, especially in his theory of adequate causation (Swedberg 2005: 120). The use of ideal types is a first step in an analysis to help the researcher avoid getting bogged down in merely reproducing the often-confusing empirical situation. As noted in chapter 2, DiMaggio (1991) first brought back into institutional analysis the use of ideal types to analyze his observations on the institutional and organizational changes at art museums.

The goal of using ideal types in theory construction and empirical research is to provide a rich yet generalizable understanding of the varied processes that shape the observed institutional outcome. Ideal types convey what is essential about a phenomenon through an analytical exaggeration of some of its aspects (Swedberg 2005: 119). Ideal types are a theoretical model for how the boundaries of the institutional orders are systematically defined and identified. This method of analysis has several advantages. It is well suited to generating multicausal explanations of particular outcomes, combining both the normative (vertical Y-axis) and the subsystem (horizontal X-axis) approaches to specifying the content of culture. It can accommodate integration of theory at multiple levels of analysis, which increases the accuracy and generalizability of the theory (Doty and Glick 1994). Moreover, the use of ideal types is compatible with mixed methods analyses that integrate theory construction with qualitative data and theory testing with quantitative data and methods of analysis (Thornton and Ocasio 1999).

We stress that ideal types are not a description of an organizational field, research context, or level of analysis. They are an abstract model used to gauge the relative distance of the observations from the pure form or ideal type. In theory this distance can be used to predict some outcome variable, though we are in need of methods development research on how to quantify this distance. An ideal type is not a hypothesis, but it offers guidance in the construction of hypotheses. An ideal type is not an average type, nor does *ideal* imply approval—there are ideal types of brothels as well as churches (Swedberg 2005: 119).

The use of ideal types is analogous to how a researcher might use a statistical model for predicting and estimating the characteristics of a population. For example, the normal distribution is used as a yardstick to predict and measure the relative distance of subjects' scores from a particular known pattern of scores. In using the normal distribution, researchers do not expect to find a normal individual, organization, or population. Doty and Glick (1994) argue that typologies, if properly constructed, are not just simple classification systems; rather, they meet the criteria of theory in that they can be subjected to rigorous empirical testing using quantitative models. In the appendix to this chapter, we include a fuller explanation of ideal types in theory construction and empirical research and suggest further reading.

Institutional Orders: The X-Axis

As described in chapter 2, the institutions of societies are organized by subsystems, what Friedland and Alford (1991) called institutional orders that, combined, compose the key cornerstone institutions of society. Each of the institutional orders of the interinstitutional system is defined as a different

domain of institutions built around a cornerstone institution that represents the cultural symbols and material practices that govern a commonly recognized area of life. Each institutional order represents a governance system that provides a frame of reference that preconditions actors' sensemaking choices. The cornerstone institution connotes the root symbols and metaphors through which individuals and organizations perceive and categorize their activity and infuse it with meaning and value. While obviously at a different level of analysis, the cornerstone institution is similar to the Latin root of a word in that it indicates how the meaning of a word can be interpreted and elaborated.

In their initial theoretical formulation of the interinstitutional system, Friedland and Alford (1991) identified the market, the bureaucratic state, democracy, the nuclear family, and Christian religions, what we refer to as the horizontal X-axis of their implied typology. In a subsequent section, we return to their particular arrangement of institutional orders as this chapter develops to examine why it is problematic and present an alternative arrangement of the X-axis.

Institutional Orders: The Y-Axis

Each of the institutional orders is composed of elemental categories or building blocks, which represent the cultural symbols and material practices particular to that order, what we refer to as the vertical Y-axis. These building blocks specify the organizing principles that shape individual and organizational preferences and interests and the repertoire of behaviors by which interests and preferences are attained within the sphere of influence of a specific order (Friedland and Alford 1991: 232). In theory, the categorical elements on the vertical Y-axis represent how individuals and organizations, if influenced by any one institutional order, are likely to understand their sense of self and identity: that is, who they are, their logics of action, how they act, their vocabularies of motive, and what language is salient.

Friedland and Alford (1991) did not fully develop their idea of an interinstitutional system at the elemental categorical level; for example, sources of norms and identity conceptualized on the Y-axis as a variable of an institutional logic on the X-axis. Thornton and Ocasio (1999) first began to develop this analysis of elemental categories of two institutional orders—the market and the professions—based on a specific instantiation of U.S. higher education publishing. We use *instantiation* to mean an instance of concrete evidence of the theory (Random House Webster's College Dictionary 1990).

Recognizing the need to develop a more general theoretical model of the Y-axis of the interinstitutional system, Thornton (2004), as illustrated in Table 3.1, compares the within-order elemental categories across institutional

orders—for example the root metaphors, sources of *legitimacy*, *identity*, norms, and authority, and the basis of attention—across six institutional orders: markets, corporations, professions, states, families, and Christian religions. These examples are not meant to be exhaustive on the Y-axis, but only illustrative of specific instantiations guided by existing theories supported by empirical research.

Thornton and Ocasio (1999) developed their ideal types as part of an empirical study; therefore, they can easily be traced to their research questions, data, and theory of attention. However, Thornton's (2004) more general typology abbreviated in Table 3.1 may not be so intuitive and raises the question of how the categorical elements on the Y-axis tie to each of the institutional orders. The general answer is that elemental categories identified on the vertical Y-axis are grounded in the conventional nomenclature of social science empirical research, sociological, anthropological, archeological, psychological, political science, or economic concepts that assist the scholar in the comparative interpretation of cognition and practice within and across institutional orders. This approach encourages building on the foundations of existing micro- and meso-level social science research as the metatheory that underlies the interinstitutional system is disciplinary agnostic, promoting integrative and interdisciplinary theorizing. This is distinct from the disciplinary divide of the pillars perspective and neoinstitutional theory more generally (Hall and Taylor 1996). Note also that our interdisciplinary approach differs from Friedland and Alford's (1991) early critique of organization and economic theory, a critique made prior to the elaboration of the concept of the interinstitutional system and the institutional logics perspective.

The more specific response to the question of how the categorical elements of the Y-axis tie to the institutional orders is to follow an example comparing the orders of the professions and the corporation (see Thornton 2004: 42–4). In reference to Table 3.1, the elemental category of "control mechanisms" under the professional institutional order refers to a code of ethics and peer surveillance organized by external associations. Complementary to this is the elemental category of "root metaphor" as relational network, which allows personal control over the distribution of professional expertise (Powell 1990). The professional institutional order's expectation of control mechanisms is distinct, for example, from a corporate institutional order in which knowledge and expertise are embedded in the routines and capabilities of a hierarchy (Nelson and Winter 1982; Levitt and March 1988; M. D. Cohen and Bacdayan 1994; Freidson 2001), suggesting instead that expertise would be embedded in the corporation, not the person or their relational network. According to a corporate logic, the person becomes an employee, which equates to being under the control of managers (Blau and Scott 1962), not functioning as a quasi-independent source of expertise.

Table 3.1. Interinstitutional System Ideal Types*

Y-Axis:	X-Axis: Institutional Orders					
Categories	**Family**	**Religion**	**State**	**Market**	**Profession**	**Corporation**
Root Metaphor	Family as firm	Temple as bank	Redistribution mechanism	Transaction	Relational network	Hierarchy
Sources of Legitimacy	Unconditional loyalty	Sacredness in society	Democratic participation	Share price	Personal expertise	Market position of firm
Sources of Authority	Patriarchal domination	Priesthood charisma	Bureaucratic domination	Shareholder activism	Professional association	Top management
Sources of Identity	Family reputation	Association with deities	Social & economic class	Faceless	Association with quality of craft Personal reputation	Bureaucratic roles
Basis of Norms	Household membership	Congregational membership	Citizenship membership	Self-interest	Associational membership	Firm employment
Basis of Attention	Status in household	Relation to supernatural	Status of interest group	Status in market	Status in profession	Status in hierarchy
Basis of Strategy	Increase family honor	Increase religious symbolism of natural events	Increase community good	Increase profit	Increase personal reputation	Increase size of firm
Informal Control Mechanisms	Family politics	Worship of calling	Backroom politics	Industry analysts	Celebrity professionals	Organization culture
Economic System	Family capitalism	Occidental capitalism	Welfare capitalism	Market capitalism	Personal capitalism	Managerial capitalism

*Abbreviated from Thornton (2004).

In the business press, Dugan (2002) *describes the conflicting institutional* logics underlying this example in terms of the changes that transpired at Arthur Andersen and some say led to its demise as a leading international accounting firm. These changes essentially amounted to a shift in control mechanisms and organizational forms from a professional to a corporate institutional logic; where one accountant described how he used to perform auditing and then was "sales trained" and pressured to sell management consulting services.

Similarly, in the scholarly literature, such jurisdictional migrations of elemental categories on the Y-axis across the X-axis are evident, although the analyses are not formalized with ideal types. For example, Greenwood, Suddaby, and Hinings (2002) explored the jurisdictional migration of accounting firms between audit and accounting, tax and insolvency, and management advisory services. Suddaby and Greenwood (2005: 50) further develop these ideas by describing the blurring of cognitive boundaries between the professions and the market to justify multidisciplinary firms that mixed legal and accounting services. As we illustrate in chapter 5, it is this jurisdictional overlap of institutional orders that creates institutional complexity.

Partial Autonomy: Cognitive and Organizational Loose Coupling

Particularly in pluralistic societies, individuals and organizations typically assume multiple roles and identities, which often create conflicting pressures on their cognitive and behavioral capacities. More abstractly, this phenomenon was first recognized in psychology by role theory with the concepts of role strain and role conflict (Sarbin 1943, 1954). As chapter 4 will explain in detail, contemporary cognitive and social-psychological theories explain that individuals are quite capable of dealing with multiple roles and identities. For instance, an individual can avoid cognitive conflict when pairing a norm from one institutional order with a norm from another by compartmentalizing the norms. Organizations have an analog at a higher level of analysis with the concepts of loose and decoupling (Weick 1976; J. W. Meyer and Rowan 1977) and segregating (cf. Hannan and Freeman 1998).

An analogous form of conflict was first identified in sociology by J. W. Meyer and Rowan (1977) in their theory of loose coupling to explain why organizations adopted a practice only ceremonially in their administrative offices—e.g., HR endorses it or management announces it, but the practice is not implemented in the organization's technical core. They argued that organizations defend themselves against the complexity of conflicting expectations of their institutional environment by loose coupling. This enables organizations to both contend with the conflict and to seek legitimacy by conforming to the institutional

environment's pressures, while at the same time defending the efficient functioning of the organization's technical core. We suggest an analogous process occurs, albeit at different levels of analysis, as a result of individuals and organizations operating in reference to multiple spheres of influence of institutional orders that may be in conflict over the course of their lives. Assuming parallel effects across levels of analysis, we suggest that one way individuals and organizations deal with the pressures of conflicting logics of different institutional orders is to loosely couple or decouple who they are from how they act.

The literature on loose coupling is divided, focusing on defensive and strategic aspects: Defensive aspects represent an organization's response to maintaining internal organization efficiency in the face of pressures from heterogeneous organizational fields (see Boxenbaum and Jonsson 2008 for a review). Strategic aspects represent how an organization is aware of decoupling for the purposes of impression management to receive certain advantages (Elsbach and Sutton 1992). J. W. Meyer and Rowan (1977) initially theorized loose coupling as a defensive action to enhance organization survival. Numerous quantitative studies have found support for their theory (Edelman 1992; Westphal and Zajac 1994, 1997, 1998, 2001; Fiss and Zajac 2006). While the concepts of loose coupling and segregating assume that organizations and individuals, respectively, can manipulate categorical elements strategically (Swidler 1986), like all institutional analysis, the institutional logics perspective assumes that there is restraint on strategic behavior, but how much restraint exists remains in question.

Most of this research is at the organization–organizational-field level of analyses—and therefore research is needed at the individual– and organization–institutional-field levels. There are few quantitative studies of loose coupling as a strategic act and thus much room for further research on which variables affect in particular an individual, but also whether organizations are likely to engage in loose coupling or decoupling for strategic, as distinct from defensive, reasons (Boxenbaum and Jonsson 2008). We know little about how the type and level of cognitive as well as social restraint are likely to vary by institutional order or by type of recombination of the symbols and practices of the Y-axis elements. We suggest at the cognitive level that some institutional logics are more accessible to individual and organizational identities than others. In a simplified example, one can assume on average that normative constraints would be greater in church than on Wall Street; that the principles underlying Wall Street would need to be segregated or loosely coupled from the principles guiding the church. However, when social facts are well institutionalized, ethnomethodologists argue that the moral aspects are less salient than the cognitive (Garfinkel 1967). In subsequent chapters, we further discuss actors' strategic uses of culture versus culture as a restraint on strategic behavior.

In sum, Thornton's (2004) general set of ideal types is a theoretical model that was developed from a careful reading of social-science theoretical and empirical research. The elemental categories on the vertical Y-axis and the X, Y cell contents are a didactic example; the categories and cell contents are not meant to be interpreted and used as a predetermined representation of the interinstitutional system. The elemental categories of the vertical Y-axis shown in the tables are established social-science concepts; the horizontal X-axis represents cultural subsystems or institutional orders of societies, some of which are more likely than others to be observed in modern or Western societies. For example, the professions may have earlier incarnations such as guilds and the corporation may not be well developed in non-Western and premodern societies (Scott 2003). The elemental categories on the vertical Y-axis are not exhaustive and can vary in terms of which ones are most salient to the researcher's questions and research context. We emphasize that the X, Y cell contents will vary depending on the instantiation of interinstitutional system logics in the particular research context. The cell contents are not a description of the particular instantiation, but instead an analytical interpretation that should highlight key concepts and foreshadow testable hypotheses.

You may ask, doesn't this a priori bias the analysis? The answer is, no, not necessarily. Scientific inquiry often assumes prior iterative construction of categories, which are then used as tools to gauge observations in order to simplify and organize them. This prevents the researcher from getting bogged down in unobserved bias and the minutia of details—missing the forest for the trees. Implicitly, the Y-axis categories exist—we are suggesting the researcher make them transparent. The use of ideal types aids in "theorization" (Strang and Meyer 1993), in that it disciplines the researcher to identify abstract categories that simplify and distill the properties of new practices and the outcomes to be expected. The selection of which of these elemental categories is employed in empirical research depends on the researcher's questions and focus of attention, as well as the characteristics of the research context. The use of ideal types can lead to hypothesis generation from existing theory and to the development of completely new theory because the instantiation—i.e., concrete evidence—may be just too far flung from the ideal types. We will return to this question in the subsequent section on ideal types.

Partial Autonomy: Near-Decomposability of Institutional Orders

The institutional orders identified on the horizontal X-axis and their elemental categories identified on the vertical Y-axis, while interrelated, are also partially autonomous. To illustrate our argument on partial autonomy, we draw on Simon's (1962) theorizing on the near-decomposability of complex systems.

According to Simon (1962), complex systems are composed of interrelated subsystems that, in turn, can be divided into smaller subsystems, each of which may be further subdivided and so on. Interaction among subsystems can be distinguished from interactions within subsystems, among the parts of those subsystems. Simon (1962: 469) gives the example, "almost all societies have elementary units called families, which may be grouped into villages or tribes, and these into larger groupings." Using numerous examples from the physical, biological, and social sciences, Simon illustrates that complex systems can be decomposed into subsystems comprised of their individual elements; he is not proposing a model of segmentation, instead his essay emphasizes that the parts are loosely coupled and nearly decomposable. Simon (1962) explains that this hierarchical near-decomposability of complex systems enhances the survival of the system as a whole.

An organizational example of near-decomposability in relation to the idea of survivability of the system as a whole includes the M-form (Chandler 1962) and conglomerate organizational forms. In these cases, management has the ability to blend and segregate and reconfigure business units as market environments shift (Galunic and Eisenhardt 2001), sustainability requirements change (Pil and Cohen 2006), and management philosophies evolve (Davis, Diekmann, and Tinsley 1994). In chapter 5, we will argue in greater depth that the interinstitutional system has an analogous modularity that allows it to adapt and change over time by the migration of the elemental categories across institutional orders by various forces such as cultural entrepreneurs, structural overlap, and event sequencing. The limits of this near-decomposability of the interinstitutional system is an unexplored empirical question, though we suggest it is not infinite because, historically, even with revolutionary change in institutions there remain some elemental parts.

The causal connections within and among the levels of the X and Y axes of the interinstitutional system are not specified a priori—this is for the researcher to discover in any particular substantive context. Note that this assumption is similar to that of the definition of an organization field. However, unlike an organization field, in theory the boundaries of the X and Y axes in the institutional logics perspective are identifiable. The causal paths of the X and Y change processes can be analyzed by the forms of institutional orders rather than by the structural filters of organizations or organizational fields. We are not suggesting there is no term for structure or organizational field in the institutional-change equation; we are only arguing that our theory allows for the broader possibility that individuals may directly engage the categorical elements of the institutional orders of the interinstitutional system at the societal level and have no logical reference point in an organizational field.

Research shows that material practices can diffuse cognitively without structural network ties: Diffusion processes can operate more like the social

construction of identity than the mechanisms of the spread of information (Strang and Meyer 1994). An actor may not need to be relationally connected or be socialized in the typical sense by families and organizations in order to perceive the meaning of cultural symbols and act out practices that materialize those symbols. As chapter 2 chronicled, DiMaggio and Powell (1991) was an initial attempt to correct this bifurcated misinterpretation by suggesting a cognitive theory of institutions.

It is important to point out that this individual–organization–society argument is not the same as J. W. Meyer and colleagues' (1997) world-society approach in which nation-states make relatively homogeneous decisions that have no roots in the varieties of local cultural practices. An important distinction here is that the institutional logics perspective is a theory of cultural heterogeneity in which the cultural content is specified according to the categorical elements of one or more of the seven institutional orders. Culture is not only the forces of modernization through the professions (social and physical sciences) and the state per J. W. Meyer and colleagues' approach, as this may a priori present a bias toward the Western world when in some societies the institutional orders of family and religion may be more salient. Thus, the broader scope of the institutional logics perspective makes it useful for understanding more recent examples of organizing that are characterized by Internet communities and solo individuals that may be quite anti-professional, but powerful arbiters of cultural symbols and practices. For example, the community of open-source programmer anarchists outcompeting and overwhelming the hierarchical world of closed source "corporate" software managers (Raymond [1997] 1999). Another example is the recent revolt in Egypt originating via cell phones and the community of "The Facebook Freedom Fighter" (2011), not the "professional" intelligentsia characteristic of prior political revolutions (C. Brinton [1938] 1965).

In sum, the cornerstones or building blocks of society are represented as an interinstitutional system that includes the institutional orders (columns, X-axis), the elemental categories (rows, Y-axis), and the cultural content resulting from this cross classification of the X and Y axes (X, Y cells). The institutional logics perspective includes both the warp and the weft: It characterizes the world as both sensed (identifying symbols and practices, i.e., the Y-axis) and acted upon (the means for producing symbols and practices, i.e., the X-axis) in an institutional field.

Definition of Institutional Fields

In institutional fields, participants take one another into account as they carry out interrelated categories of symbols and practices within and across individuals and organizations. The symbolic and ideational are those aspects of

institutions that denote meaning; practices materialize the ideas represented by symbols (Zilber 2008). This definition does not limit the field concept to "structuration" (DiMaggio and Powell 1983). It also does not limit the field concept to only the institutional orders of the state, the professions, and market competition, or to a particular level of analysis. It means that the boundaries of an institutional field are observable within and across the borders of institutional orders and their categorical elements. Our definition is consistent with Friedland and Alford's (1991: 240–1) call for theory that allows for "institutions in contradiction and independence."

It is important to remember that DiMaggio and Powell's (1983) definition of field originated from organizational sociology and their attempt to develop an organization theory of the effects of the institutional environment on organizations. The institutional logics perspective is a metatheory of institutions that includes organizations. Institutional fields require the marriage of both symbolic meanings and material practices.

Cultural Content: Cells of the X, Y Axes

In comparing elemental categories on the Y-axis across institutional orders on the X-axis, symbols and practices appear contradictory or complementary. These contradictions and complementarities are areas of opportunity that can be exploited by individuals and organizations in identifying and solving problems and garnering support through new combinations of existing symbols and practices. This occurs by transposing categorical elements, that is cultural symbols and material practices, from one institutional order to another within an institutional field (Thornton 2004). *Transposition* refers to when categorical elements of an institutional order migrate or are transferred to a substantive context in which they did not originally exist (Sewell 1992). Transposition occurs by several mechanisms, institutional entrepreneurs, structural overlap, and event sequencing (Thornton and Ocasio 2008), which create various forms of transformational and developmental change in institutional logics. These institutional-change processes are further elaborated and illustrated with case narratives in chapter 5 and theoretical elaborations in chapters 6 and 7.

Cultural Space in Society

The institutional orders and their categorical elements compete for cultural space in society by vying for individuals' and organizations' attention and patronage. As Hughes (1936: 186) claims, "institutions may compete for

individual patronage; the persons who support them may be regarded somewhat as customers. . . . To survive, an institution must find a place in the standards of living of people, as well as in their sentiments." The cultural symbols and material practices of the institutional orders on the X-axis are competing and complementary organizing principles relative to one another. They have the potential to symbiotically co-occupy cultural space. Empirical research shows that such jurisdictional cooperation and competition can fluctuate over time (Abbott 1988; Dunn and Jones 2010).

Recall, for example, in the theorizing of J. W. Meyer and Rowan (1977) and DiMaggio and Powell (1983) described in chapter 2 that the structuration of society or of an organization field was driven by the symbiotic interests of the state, the professions, and competition (market logic). Their theories suggest the alignment of complementary interests between the professions and the state. For example, the professions construct the knowledge undergirding what are appropriate conceptions and the state creates the legal apparatus to enforce or reinforce those conceptions. Recall the propositions and definitions of these scholars as reviewed in chapter 2 regarding a world society or organization field depended on the relational networks among the constituents of the state and the professions to do just that. In another example, M. Weber's (1904) classic thesis on the "Protestant Ethic and the Spirit of Capitalism" could have been developed in the recent context as an argument on the complementary categorical elements of Christian religion and the market institutional logics. In effect this would equate the "calling" with a work ethic and translate saving and investment into signs of salvation. Yet, the contemporary case of Islamic religion remains in conflict with market principles and Weber's arguments applied in this context would not have produced his same views of the origins of capitalist economic systems. We elaborate these ideas further by presenting illustrative case narratives in chapter 5.

In contrast, the institutional orders of the state and religion in much of the modern Western world are often considered in conflict; for example, the U.S. constitution ensures their separation. However, historically, this is not always the case and there is often a tension around the contemporary ebb and flow of patronage, i.e. state funding of faith-based social-service organizations. For example, in prerevolutionary France, ancient forms of parliament were made up of the clergy (religion), nobility (state), and the common man (community). Historically, state rulers or corporate leaders in some societies rely on elements of religion to legitimate their power; this is not just an ancient view of the relationships between these institutional orders, vestiges of it are present in the contemporary Western world (Greenwood et al. 2010) and in current-day Islamic-theocratic countries.

While we have relied to some extent on ecological metaphors to communicate our ideas, we do not mean to imply determinism or lack of power and

agency in our explanations of the interinstitutional system. However, this discussion of individuals and organizations absorbed in multiple complementary and competing logics does raise the question of the role of power and agency in the institutional logics perspective.

Cultural Effects on Power and Agency

Arguably the most salient critique of the institutional logics perspective is its treatment of the concept of power. Friedland and Alford (1991: 246) argued that the effects of power are not universal, but are culturally and institutionally contingent across institutional orders or sectors. Hence, power is not a sufficient condition to explain institutionalization or institutional change.

That is, the influences of different institutional orders are frames of reference that precondition individuals and organizations to have different interpretations of how to use power. Thus, power is conceptualized as a variable on the vertical Y-axis of the interinstitutional system, meaning that some uses of power will be legitimate and others will not, depending on which institutional orders are cognitively invoked by individuals and organizations and most salient in society.

One way to theorize which logics are likely to be dominant and transformative versus competing or complimentary and stable is to compare the consequences of the sources of legitimacy across different institutional orders with respect for their implications for how power is likely to be enacted. Thornton and Ocasio (1999) tested this argument, contrasting the consequences of the use of power in organizations, but only between the institutional orders of the professions and the market because that is what was most concrete in the U.S. publishing industry during their observation period.

More generally, power can be interpreted and materialized from a fuller spectrum of lenses—the logics of the family, religion, state, corporation, and community. These other institutional orders may come into play in other historical periods in publishing or in other substantive contexts, as in the case when the family was a stronger influence in publishing's earlier history and the state a stronger influence in international publishing, for example in Canada's and France's contention to both promote and protect its cultural industries (Smith 1995; Jourdan, Thornton, and Durand 2011). In another example, the institutional logic of the community drives the open-source software industry, not a leadership style based in power and coercive relations, because open source is dependent on motivating voluntary communities of interest (Raymond [1997] 1999).

The researcher must consider the intervening variables of the particular instantiations that pose an alternative or contingent explanation to power. For example, how institutionalized (structured) is the organizational field or industry (DiMaggio and Powell 1983)? Is it emergent and therefore power is not likely to be consolidated (Fligstein 1996)? Is competence-destroying technological innovation redistributing power, democratizing it for individuals, and lowering entry barriers for a plethora of small organizations (Tushman and Anderson 1986)?

The limits of the strong claim that power is culturally contingent are relatively unexamined across a broader spectrum of institutional sectors and non-Western contexts as well as with stratification variables like gender which may suggest a universal or isomorphic effect of male domination across institutional orders and societies. Currently, the very limited empirical work on power and institutional logics raises questions regarding the relative limits of these competing arguments. Do the uses of power reflect varied responses to cultural heterogeneity from the complexity raised by the contradictions across institutional orders per the institutional logics perspective? Or, are the responses to power and domination universal and hence immune or impervious to differences and contradictions across the different logics of various institutional orders. Such questions on the relative effects of culture and power provide fertile ground for sorting out the assumptions and scope conditions of the institutional logics perspective in future research.

Finally, Stinchcombe (2002: 429) has commented on how to theorize the question of power. He argued that an understanding of culture is needed to define the meaning of power and competition and that in building theory this question presents a causal ordering problem. If power is theorized as a first-order construct in explaining institutional change, independently of culture, two problems need to be addressed. First power is created in the course of action; it does not occur prior to the action that it explains. Second, the decision to use power is an intentional strategic choice; however, it is not always possible for actors to know the cultural framing or menus of available options in advance of any action.

In sum, institutional orders of the interinstitutional system in an ecological sense compete and cooperate with one another over time for cultural space and individual and organizational attention and patronage. While the process of institutional change is more easily observable at the elemental categorical level, what is important from an institutional logics perspective is that micro-processes of change are built from analogies, combinations, translations, and adaptations of more macro institutional logics. Subsequent chapters will elaborate on this theory of cultural embeddedess.

Proliferation: Rearranging the Institutional Orders

As previously discussed, Friedland and Alford's (1991) typology is more complete in different respects than that of prior institutional theory; however, it has limited applications because it remains incomplete, is not abstract enough to be applied across societies, and the institutional orders are not analytically distinct (Doty and Glick 1994). Thornton (2004) made the first attempt to remedy these issues with the goal of making the interinstitutional system a useful tool in theory construction and empirical research. As shown in Table 3.1, Thornton's (2004) model based in a reading of Weber ([1922] 1978) and organization theory identifies categorical elements of any one institutional order (column) representing predictions for symbols and practices in theory likely to be observed within that order's sphere of influence. The typology assumes that rationality in institutional analysis is theorized and measured as a variable of the different institutional orders, a key distinguishing factor from neoinstitutional theory's binary view of rationality.

Friedland and Alford (1991) did not discuss the interinstitutional system in a didactic sense; that was not the purpose of their article. Our rationale for evaluating and modifying their rudimentary idea is based on a close reading of J. W. Meyer and Rowan (1977), DiMaggio and Powell (1983), and M. Weber ([1922] 1978), as well as reference to the principles of typological analysis (Doty and Glick 1994). Surprisingly, Friedland and Alford (1991) do not directly reference Weber's work on modernity and social development, yet there is a close affinity to it in many respects and in particular with Weber's notion of value-spheres (Swedberg 2005: 290–1). Weber identified several life-orders or what he termed value-spheres, for example the economic, political, esthetic, erotic, and intellectual spheres (Gerth and Mills 1946: 323–57; Whimster 2004: 220–41). Each order has a pattern of logics peculiar to itself with limited autonomy among the spheres. Each order represents to individuals the difficult choices of which values to follow, since the values embodied in each sphere are often in irreconcilable conflict with each other. For example, Weber commented on the tension between economic and religious values and recognized that over history the differences between the orders have become more distinct.

The influences of several institutional sectors are absent in Friedland and Alford's (1991) representation of the interinstitutional system. The influences of the professions, which both Meyer and Rowan (1977) and DiMaggio and Powell (1983) so clearly laid out, are mysteriously absent. Also absent is the institutional order of the corporation as exemplified in Fligstein's seminal (1985, 1987, 1990) research. Thornton's (2004) research integrates these two institutional orders, developing some elements of their Y-axes and the X, Y cell contents.

You may ask, shouldn't the corporate institutional order be labeled and defined as the organizational institutional order given that organization is a broader concept than corporation? The point is that the corporation is an institution and a governance system, an organization is a structure such as a hierarchy or network and is not necessarily an institution or governance system (Selznick 1957). As we described earlier, organization is a variable on the Y-axis that can vary across the institutional orders of the X-axis. The corporation is an institutional innovation with its origins traced to the shift from personal to corporate rights with the fragmentation of feudalism and the seventeenth-century philosophers' emphasis on "natural rights" (Coleman 1974, 1990). The corporation is a legal institution that has given rise to a wide range of economic activity because of its distinct advantages such as capital assimilation, ability to engage in contracts, and limited liability for shareholders (Williamson 1975; Roy 1997). Scott (2003) recognizes the proliferation of the corporation as one of the most significant building blocks distinguishing the modern from the pre-modern world. Indeed, Chandler (1962) and Fligstein (1985, 1990) empirically showed the corporation to be a great enabler of social and economic transformation.

Thornton (2004) further questioned the reasoning of qualifying the institutional order of the state as the "bureaucratic state." Isn't bureaucracy an organizational form used by the state to carry out its objectives? Couldn't other institutional orders be characterized as bureaucratic as well? Take, for example, the central role of bureaucracy at both General Motors (corporate logic) and the Catholic Church (religion logic). Based on this reasoning, Thornton dropped bureaucracy from its singular association with the institutional order of the state, leaving it to the individual researcher to decide on its usefulness as an elemental category on the Y-axis.[1]

Continuing such analyses raises the question of why Friedland and Alford's (1991) concept of democracy holds its own as a separate institutional order on the X-axis, rather than as a potential categorical element of the Y-axis. Isn't democracy a particular ideology as distinct from an institutional logic, like socialism and communism among others? Again, why wouldn't democracy be a variable of the state or other institutional orders such as the corporation (see discussion in chapter 1 on ideology and institutional logics)? Corporations can have flat hierarchies with the goal of democratic management styles. Thus, we suggest that democracy is best represented on the Y-axis as a variable of the existing institutional orders. With each of these changes to Friedland

[1] It is noteworthy that DiMaggio and Powell (1983) in particular used the Weberian roots of the study of bureaucracy as the launching pad for their theory of isomorphism. Therefore, bureaucracy as an organizational form appears more in line with the neo-institutionalists in organizational and cultural sociology, not the institutional logics perspective, and this seems inconsistent with Friedland and Alford's critique of the neo-institutionalists.

and Alford's (1991) initial theoretical formulation Thornton (2004) established a set of ideal types that were mutually exclusive and more generally useful for theory construction and empirical research, as illustrated in Table 3.1.

Variant: Community as an Institutional Order

Thornton's (2004) typology did much to make Friedland and Alford's (1991) initial theoretical formulation of the interinstitutional system amenable to theory construction and empirical research. However, we suggest it overlooked an important institutional order—the community. In this section, we make use of the research on community to evaluate the relevance of the concept of community as an institutional order on the X-axis. Marquis, Glynn, and Davis (2007), by showing that norms of corporate community involvement evolved differently in each community, argued that local community matters in important ways for the study of institutions and organizations. In applying neoinstitutional theory to community infrastructures, they argued that communities embody local understandings, norms, and rules that serve as touchstones for legitimating mental models upon which individuals and organizations draw to create common definitions of a situation (Marquis, Glynn, and Davis 2007: 927).

The idea that community is a salient variable is not new; it was central to both the classic and mid-century theorists. M. Weber ([1922] 1978: 902) defined community as constituting more than an economic group because a community is driven not just by the economic disposition of goods and services, but also by value systems that order its economy. A community is constituted by a "territory" and by social action that is not restricted exclusively to the satisfaction of common economic needs of the communal economy. Tonnies (1887) emphasized the distinction between community (Gemeinschaft) and society (Gesellschaft); community connotes the collective relationships between people that emphasize the interpersonal and particularistic, and society refers to the transparent, anonymous, and universal.

The study of organizations by mid-century theorists was "naturally" intertwined with an understanding of community influences (Scott 2003). Both Selznick's (1949) study of the Tennessee Valley Authority and Zald's (1970) examination of the Chicago YMCA evidenced the importance of the local community in explaining institutions and organizations. Moreover, the notion of community was fundamental in the study of urban ecology (Hawley 1950) and central to Warren's (1967) concept of "interorganizational community," defined as a geographically bounded group of organizations that are interdependently competitive and cooperative for purposes of collective

benefit. As Scott (2003: 129–30) notes, Hirsch (1985) developed the related concept of industry system. Warren's (1967) and Hirsch's (1985) concepts foreshadowed the development of the popularized concept of "organizational field" (DiMaggio and Powell 1983), which arguably displaced the older concept of community. In his synthetic review, Scott (2003) heralded the organizational field as an advance because the bounding concept included not just the horizontal relations among organizations, but also the vertical or hierarchical relations with organizations outside of the community. In the morphing of this literature it strikes us that the displacement of the concept of community may have been further enabled by the rising popularity of network analysis. If our hunch is correct, without the concept of community we cannot know what set of norms, values, symbols, and practices are being transmitted or transacted by the pipes and prisms of the network (Podolny and Page 1998; Fligstein 2001).

Brint (2001) comments that the sociological literature on community is plagued by descriptive studies implying that without theory development any concept is vulnerable to waning in the literature. We note the exception of Merton's (1942) use of scientific communities to develop middle-range theory as in the exemplary case of Podolny's (1993) status-based theory of markets. In hopes of breathing new life into this vein of literature, Brint (2001: 8) offers a new definition. He states, "communities are aggregates of people who share common activities and/or beliefs and who are bound together principally by relations of affect, loyalty, common values, and/or personal concern." Note there is no mention of spatial, territorial, or geographic boundaries which opens up the scope of inquiry to contemporary types of communities influenced by open-source technologies (von Hippel and von Krogh 2003; O'Mahony and Ferraro 2007; O'Mahony and Bechky 2008) and the intersections of entrepreneurship and social movements at the local and national levels (Rao, Morrill, and Zald 2000; Ingram and Rao 2004; Lounsbury 2005).

Currently, scholars are taking up the challenge to revitalize the study of community in new and interesting ways (Marquis, Lounsbury, and Greenwood 2011; Marquis and Battilana 2007) and culling the organization theory literature for findings that show how communities make a difference in organizational behavior. O'Mahony and Lakhani (2011), among others, challenged organization theory for overlooking community effects in explaining the newer C-forms of organizing that include informal groups of volunteers collaborating and sharing knowledge (Seidel and Stewart 2011).

Marquis and Battilana (2007), in their literature review, bring to our attention a revival of research on the effects of community: what they explain as a response to the overemphasis on institutional isomorphism and globalization. Their main argument is that not all institutional effects can be explained

by homogeneity-producing processes and the view that society is moving from the particular to the universal. They recognize paradoxically neoinstitutional theory with its stringent assumptions situating individuals and organizations in historical and cultural contexts has overlooked the influences of local systems—cultural, social, and legal.

In summarizing their review, they found that local community has a significant impact on organizational behavior in a variety of instances; for example, the proximity of geographic boundaries influences organizational practices such as nonprofit giving (Galaskiewicz 1997), boards of directors structure (Kono et al. 1998; Marquis 2003), and corporate-governance practices (G. F. Davis and Greve 1997). Different localities have been observed to exhibit shared frames of reference on a diverse range of topics such as corporate social responsibility behaviors (Marquis, Glynn, and Davis 2007), corporate strategies (Lounsbury 2007), governance processes (Abzug and Simonoff 2004), and organizational foundings (O. Sorenson and Audia 2000). Moreover, Marquis and Battilana (2007) point out that significant variation in local laws (J. L. Campbell and Lindberg 1990) and the proximity of market boundaries account for variation in organizational behavior (Audia, Freeman, and Reynolds 2006; Stuart and Sorenson 2003; Freeman and Audia 2006). Greve (2000, 2002), for example, found that local competition is more central to organizational decision making than more macro field-level characteristics.

Combined, the studies reviewed by Marquis and Battilana (2007) suggest that colocation, proximity, and community are central concepts driving the ecology of organizations and markets. They also pointed out that ever-lingering community and place-bound effects are important as well in explaining relational networks (Putnam 1993, 2000), districts of industry (Piore and Sabel 1984), and innovation (Saxenian 1994).

O'Mahony and Lakhani (2011: 6) provide an intriguing community literature review by focusing on causal aspects of new technologies and organizing forms such as open-source and social movements in which organizations are characterized as residing "in the shadow of communities as opposed to vice versa." They argue communities are essential to the evolution of organizations in that they not only are the genesis, but also the mediators of performance and growth. Yet, interestingly, communities also can be threatening alternatives to organizations, making it difficult for organizations to do business or even terminating their operations, while the community itself triumphantly lives on and thrives without the organization. Ingram and Rao (2004) and Ingram, Yue, and Rao (2010) demonstrated this with respect to their research on the protests against chain stores such as Walmart in which activists waged protests to protect the local business community of independent retailers. Marquis and Lounsbury (2007) found that communities represent threats in

that they have the ability to encourage the founding of new organizations with countervailing values.

O'Mahony and Lakhani (2011) point out that contemporary communities coalesce around any number of identity sources, ranging from academic communities (Crane 1972; Knorr-Cetina 1999) to occupational (van Maanen and Barley 1984; Orr 1996; Bechky 2003), and communities of practice (Brown and Duguid 1991, 2001; Wenger 1998, 2000; Lave and Wenger 1991), to technical (Tushman and Rosenkopf 1992; van de Ven and Garud 1994; van de Ven and Hargrave 2003), online (Cummings, Kiesler and Sproull 2002; Fayard, DeSanctis, and Roach 2004) and open-source communities (von Hippel and von Krogh 2003; O'Mahony and Ferraro 2007; O'Mahony and Bechky 2008).

Marquis, Glynn, and Davis (2007) argue that community is important in the analysis of institution building, maintenance, and destruction, and the gestalt of Marquis and Battilana's (2007) review suggests that there is need for a correction in organization theory towards taking into account local community influences to explain organization behavior. O'Mahony and Lakhani (2011) take a bolder step by implying that organization theory has not grown in the right directions to explain the organizational forms and behaviors of the Internet age because it has forgotten its roots in community studies.

Following on Brint's (2001) comment to help move community studies beyond the descriptive level, we extend the ideas gleaned from the reviews of largely qualitative community studies to suggest a more formalized comparative approach to theorizing and measuring the effects of community. That is, to conceptualize the effects of community in line with the institutional logics perspective. This suggests that community should be conceptualized as a vertical institutional order on the X-axis that competes with or compliments the governance systems of other orders of the interinstitutional system, particularly markets, corporations, and professions, among the others.

For example, Schneiberg (2002) and Schneiberg, King, and Smith (2008) showed in the insurance, dairy, and grain industries that cooperative community-bound associations were competing forms of governance to markets and hierarchies in American capitalism in the late nineteenth and early twentieth centuries. On the basis of promises by members of the community to cover each other's losses, membership in mutual and cooperative associations helped secure autonomous economic development for social, immigrant, and religious groups bent on warding off consolidation by the rising prevalence of joint stock corporations (corporate logic). Lounsbury (2005) and his fellow researchers (Lounsbury, Ventresca, and Hirsch 2003) showed that the early stage of the recycling movement was founded and driven by a community logic of economic development before it was

challenged by a more hierarchical national approach that promoted building a profit-making recycling industry according to corporate and market logics. This implies a stage effect in which communities may be the generators of new practices (O'Mahony and Lakhani 2011). Raymond ([1997] 1999: 22) in his description of the sources of legitimacy of the open-source software industry describes the "severe effort of many converging wills." Open source requires migrating the jurisdiction of software development to the community institutional order in which the ego satisfaction and reputation of programmers replaces the utility function of a market logic in bringing about self-correcting spontaneous order. Raymond ([1997] 1999: 22) writes that "among hackers ego-boosting enhancement of one's reputation among fans is the basic drive behind volunteer activity that connects selfish hackers to sustained cooperation."

Table 3.2 represents an ideal typical depiction of the interinstitutional system with the addition of a new entry on the X-axis, the community logic. We have derived the ideal types on the vertical Y-axis, that is the categorical elements such as sources of legitimacy, authority, and identity and the bases of norms, attention, and strategy from an interpretation of the research on community across the broad sweep of literatures previously discussed. Each elemental category represents in theory a mutually exclusive alternative to the elemental categories of the other institutional orders. As stressed in the prior section, the ideal types are used for comparative purposes as Schneiberg (2002), for example, did in comparing cooperatives (community logic) to the alternatives of markets and hierarchies (market and corporate logics).

Discussion and Conclusion

In this chapter, we have addressed how and why societal culture is externalized to individuals and organizations in a levels theory of institutions. This is an important question because a theory of institutions needs to recognize that individuals and organizations are embedded in social structures, yet also explain how they are externalized or partially autonomous, allowing them to construct institutions socially (P. L. Berger and Luckmann 1967). The challenge of explaining the exteriority or partial autonomy of institutions requires incorporating other underlying principles of the metatheory of the institutional logics perspective. That is, the metatheory must have the capacity to integrate multiple levels of analysis and to incorporate both the material and symbolic aspects of institutions as illustrated by the categorical elements of the Y-axis and the interinstitutional system as a nearly decomposable system. The most judicious way to encompass these underlying

Table 3.2. Revised Interinstitutional System Ideal Types

Y-Axis:	X-Axis: Institutional Orders						
Categories	**Family 1**	**Community 2**	**Religion 3**	**State 4**	**Market 5**	**Profession 6**	**Corporation 7**
Root Metaphor 1	Family as firm	Common boundary	Temple as bank	State as redistribution mechanism	Transaction	Profession as relational network	Corporation as hierarchy
Sources of Legitimacy 2	Unconditional loyalty	Unity of will Belief in trust & reciprocity	Importance of faith & sacredness in economy & society	Democratic participation	Share price	Personal expertise	Market position of firm
Sources of Authority 3	Patriarchal domination	Commitment to community values & ideology	Priesthood charisma	Bureaucratic domination	Shareholder activism	Professional association	Board of directors Top management
Sources of Identity 4	Family reputation	Emotional connection Ego-satisfaction & reputation	Association with deities	Social & economic class	Faceless	Association with quality of craft Personal reputation	Bureaucratic roles
Basis of Norms 5	Membership in household	Group membership	Membership in congregation	Citizenship in nation	Self-interest	Membership in guild & association	Employment in firm
Basis of Attention 6	Status in household	Personal investment in group	Relation to supernatural	Status of interest group	Status in market	Status in profession	Status in hierarchy
Basis of Strategy 7	Increase family honor	Increase status & honor of members & practices	Increase religious symbolism of natural events	Increase community good	Increase efficiency profit	Increase personal reputation	Increase size & diversification of firm
Informal Control Mechanisms 8	Family politics	Visibility of actions	Worship of calling	Backroom politics	Industry analysts	Celebrity professionals	Organization culture
Economic System 9	Family capitalism	Cooperative capitalism	Occidental capitalism	Welfare capitalism	Market capitalism	Personal capitalism	Managerial capitalism

metatheoretical principles and to clarify their usefulness for theory construction and empirical research is to develop a typology of ideal types from Friedland and Alford's (1991) rudimentary idea of the interinstitutional system. This multi-level X–Y-matrix approach with its modular and nearly decomposable characteristics is essential to addressing the problems of embedded agency and explaining institutional emergence and change.

We have advanced this endeavor beyond that of Thornton's (2004) initial conceptualization by elaborating the characteristics of the X and Y axes and justifying by a literature review the concept of community as an institutional order. Stated simply, the method underlying our approach has been to formalize the concept of the interinstitutional system for use as an analytical tool that lays the groundwork for subsequent chapters to squarely address the common critiques of neoinstitutional theory previously foreshadowed. In addition, we have situated and discussed the contingent effects of the commonly employed concept of power as a mechanism of agency within the contexts of different institutional orders of the interinstitutional system.

In chapter 5, we continue our discussion of the interinstitutional system with a focus on its systemic properties of stability and change and its historical contingency. We further apply and demonstrate the typology of the interinstitutional system to analyze individual- and societal-level effects on innovation and institutional change.

APPENDIX

Typologies allow for multidimensional classification of phenomena and are composed of two parts: 1) the description of ideal types and 2) the set of assertions that relate the ideal types to the dependent variable (Doty and Glick 1994). The ideal types are a conceptual scheme that implies a set of hypotheses. Typologies must meet three criteria for theory building: 1) constructs must be identified, 2) relationships among these constructs must be specified, and 3) these relationships must be falsifiable. The ideal types are intended to provide an abstract model that represents a combination of those attributes believed to determine the dependent variables of interest. The ideal types provide a means of clustering individuals and organizations into categorical types to measure and explain deviation from the pure form. In this way, intelligible comparisons can be made (Zelditch 1971), and the theory can be falsified by determining the degree of similarity or dissimilarity between the ideal types and the dependent variables of interest.

Typologies have a number of advantages. First, the ideal types are not specified with observations in the sample; observations in the sample may or may not closely resemble the ideal types described in the theory. Therefore, the process of theory development and the range of the dependent variables are not restricted by the characteristics of the sample. Second, typological methods of theory building are useful for specifying multiple patterns of constructs and nonlinear relationships that determine the dependent variable. Two constructs may be positively related in organizations that resemble one ideal type, negatively related in those that look like a second ideal type, and unrelated in organizations that are similar to a third or fourth ideal type (Doty and Glick 1994: 244). This conceptual flexibility is helpful in theory construction in which countervailing and time-dependent effects are expected. Moreover, this feature is a good fit in theory testing using dynamic models because it does not constrain assumptions, for example, about the reversal of a theoretically precise causal relationship (Tuma and Hannan 1984) or about multilevel effects (DiPrete and Forristal 1994). This allows, for example, the effects at the individual level of analysis to vary from the effects at the organizational and environmental levels of analysis. For example, to understand how to conduct event-history analysis, students are first taught to diagram the state spaces for the independent and dependent variable(s) of interest and the theoretically expected transitions from one state space to another (Tuma 1990). However, without at least an argument in mind, this is a confusing task for the student. Knowledge of the elements of typology can make this task clearer. Last, typological methods are useful for testing a cultural argument in which the researcher is interested in analyzing, net of a change in structural positions or material conditions, how cultural effects vary within the population or across the time span studied (DiMaggio 1994: 28). For a general introduction to the topic of ideal types see Martin Albrow (1990, 149–57).