

Institutional Theory's Past and Future Contributions to Organization Studies

Interviewee: W. Richard (Dick) Scott¹
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On May 2 2016, Professor Scott kindly received Juliana in his office on Stanford Campus to talk about Institutional Theory's past and future contributions to Organization Studies.

Professor Scott is an organizational sociologist internationally renowned for his outstanding contributions to the field, specially focusing on the relation between organizations and their institutional environments. In 1996, he received the Scholarly Contributions to Management Award (Irwin Award) from the Academy of Management. He is the author or editor of about 20 books and 250 journal articles and book chapters.

Interview

Juliana: Professor Scott, looking back, what were the most important developments that occurred in the field of organization theory?

Scott: If you've read some of my work, you know that I think the most important development that occurred early on in the field was the introduction of open systems theory. Before that we had been looking primarily at activities within organizations: individual and group actions. Some of us, Peter Blau and I and others, began to raise the level of analysis up to say that organizations are themselves systems and can be analyzed as such and that they can be actors in larger systems. This raised the question: if organizations are actors, what's the context in which they're working? So the open systems approach allowed us to think about organizations in their wider environment. So the novel work in the late fifties and through the sixties and seventies was to begin to develop theoretical frameworks to allow us to understand the organization of the environment within which organizations are operating. Contingency theory came along first, and then was quickly followed by resource dependency theory, population ecology, transactions cost economics, and institutional theory. Those are the main developments that occurred through the sixties up through the eighties. It was a period, I think, of enormous creativity and growth in the maturation of the field. In many ways we are still living on that intellectual capital. I mean, those are still the main arguments and ideas that shape much of the work in organization studies.

It's not really a theoretical approach, but the other big development during the more recent years has been the use of network conceptions and measures. This approach helped us to recognize and begin to consider these much more loosely coupled network systems and alliances that have become prevalent in our time. For me, however, I think that the development that really changed the ball game as we began to explore the environment was the emergence of institutional theory. Prior to that time, almost all of the work had emphasized the relational and material aspects in environments. The materials being worked with, the power-dependence relations, competition for resources, and so on. The institutional approach emphasizes this whole other side: the cultural and the cognitive and the normative forces that were at work. The symbolic aspects as opposed to the material aspects.

We were not saying these are more important but that they're equally important. They interact with the material forces. This development allowed us to rediscover the insights of Weber and Durkheim and theorists working in the late-1800 early-1900s who had proposed these ideas before but then they were lost sight of. So in many ways, institutional theory allowed us to return to some of the most of fundamental ideas of the founding of social science. That was, I think, much to our benefit.

Juliana: Yes. Now talking about the next decade, what do you think will hold more researchers' attention within organization theory?

Scott: Looking forward?

Juliana: Yes.

Scott: Well, I think institutional theory has gone in two directions. One, a number of people argued that we need to return to the role of individual actors who influence the way in which institutional

systems are created and maintained. In this way, an approach emphasizing “institutional work” developed. I think this approach correctly emphasized that there had been too much focus on structure and not enough on action. So it tried to recalibrate the balance between these two approaches. But, I think, like so many other reactive approaches, these theories went too far. I have heard critics who argue: “I understand work and that people are the ones who do the work, but what’s institutional about it?” I think that if you are an institutional theorist, you need to recognize that work is required to build a context but also that it takes place within a context and that it is influenced by that context. In short, newer approaches are too much about changing structures and not enough about reproducing or being affected by structures. As always, the balance between structure and action is hard to keep straight. But the emphasis on institutional “work” allowed for a dialogue between the micro and the macro approaches, the social and cognitive psychologists and the structural sociologists. So that is a positive development.

I think for me and for many of my colleagues the more interesting direction is looking at the way in which the environment is itself organized and the institutional aspects of that structure. There’s a lot more attention to, for example, societal ideologies to what many of my colleagues call the wider “institutional logics” that operate within fields of organizations. Some of the best work, I think, is at the transnational level, where whole new systems of rules, norms, understandings, standards have been developed in Europe and in various kinds of regimes. This is a very fertile area for institutional theory to work in because it moves us up to the societal system. And our work is increasingly becoming international and transnational and not just societal. This allows us to be more comparative about what’s the difference between both earlier times and later times, and also between the east and the west and the north and south and the different approaches we take to organizing social order.

Juliana: So it allows comparisons through different countries or different regions, right?

Scott: Indeed, different countries, different regions. Different time periods. All of the above.

Juliana: And see how actors act in these different institutional contexts...

Scott: Some of the most interesting work is being done by a set of people developing what is called American Political Development that tries to look at the ways in which ideas and actors have interacted to create the distinctive American political system: work on what makes this country exceptional. What’s different about this country as opposed to others. They call on a lot of institutional theory ideas to develop their work.

And of course, it sounds specific, but the approach is general. What makes America distinctive? What makes Brazil distinctive? What makes China distinctive? And so it’s an attempt to say what’s the particular configuration of forces that came together at this time and place?

Juliana: Do you agree with the criticism of some institutional theory researchers around the world who say that, in general, institutional theory authors nowadays are abandoning the focus on organizations to devote to the comprehension of the institutions themselves?

Scott: I agree that that’s happening, I don’t find it a criticism. I think that’s a direction we’re going and it does shift the focus from the organization to the institutions. There’s less attention to the organization than there was. We’re looking a little more broadly seeing organizations as a part of the larger context and so we understand them in a different way. I do agree with people like David Whetten who says we need more attention to comparative organizations and to the way in which organizations in different sectors vary. For example, the for-profits, the non-profits, the public agencies, and so on. But in many ways the main way in which they differ is the context to which they relate. And so for me, if you want to think comparatively, you need to think about the different ways in which institutional systems operate and affect organizations. I agree it’s happening, I don’t think it’s a criticism.

Juliana: In Brazil, some researchers consider institutional theory as a functionalist approach. What do you think about this criticism?

Scott: Well, that's an odd one for me because for me a functionalist approach means you are trying to explain something by the consequences it has: you're arguing back from the effects it has to explain its origins. It seems to me like the whole weight of institutional theory is about trying to look at the importance of the process, the surrounding context within which events unfold. So of all the approaches I know, institutional theory is the least functionalist. In fact, we may not be functionalist enough. I wish we would pay more attention to why some institutions don't work as well as they should. I wish we would pay attention to the more normative approach that Philip Selznick advocated. To say, this is the way it works, but it was supposed to do this. Why doesn't it do that and how would you begin to think about re-design it and so on. That would move us into not quite functional, but a more normative direction. It would require us to think more about the consequences that follow from a given institutional arrangement. I don't want all of us to go in that direction, but I want some of us to ask that question more than we do.

Particularly in our time, in this country, in Brazil, in several places, really major institutions are not functioning well. They're not functioning as they were designed to function. And everyone notices that and there's a lot of instability caused by that, a lot of distrust. And it seems like institutional theorists ought to have more to say about that than we do.

Juliana: When you say some institutions don't work as they should, here and in Brazil, you mean...

Scott: The political for example.

Juliana: Yes.

Scott: The judicial system. The corporate systems. And it was there to protect a certain set of precarious values, you know, why do we have democracy? Because we believe each person has a right to have some influence over their futures and that's a value. And if you begin to create systems in which people really don't have any control, then you have lost the ability to protect that value. I would like to see more work that asks those kind of questions than I see now.

Juliana: Is there something else, besides this, that you would like to see in institutional theory?

Scott: I think that it would be one of the most important things to see a bit more attention to prescription. One of the reasons why the economists are at all the policy tables is because they're willing to say, "Well I think in order to do this, you need to do that". They're willing to be much more prescriptive in what they say. Even though they don't understand how these economic systems work any better than we understand how the institutional systems work, they're willing to say, "I think it should go this way". Because they are able to make recommendations based on their understanding they're invited to sit at the table. When we're asked that question we say, "Well it's complex and it depends". That's not anything you can take action on. We need to be more clear about in what way is the complexity important and what does it depend on in particular. And we need to be much more prescriptive and specific in terms of our analysis. Then I think we would have more influence; they would make room for us at the table.

Juliana: You mean policy makers?

Scott: Setting policy. Every country has a council of economic advisers and the President meets with them. Where are the sociological advisers? The institutional advisers? Where are they? They're not there.

Juliana: They're not there...

Scott: No.

Juliana: They don't participate...

Scott: Not in an institutionalized way to coin a phrase.

Juliana: Don't you think that being more prescriptive could be dangerous to institutional theory in a sense that it could reduce some wider aspects?

Scott: Well, you're liable to get into more controversial situations, no question about it. And people will disagree. But that's true of economic advisers too. You have a more conservative and a more liberal set of economic advisers. And it seems like you could have that kind of dialogue going on and still have the basic scholarship as the foundation for it.

And as I say, I think, one of the most important issues of our time has to do with the loss of trust of people in the institutions through which they live. And if we don't have anything to say about that, then we're in trouble.

Juliana: Yes, it's true. We are facing this in Brazil very clearly.

Scott: I know you are. And we're not doing so well here in the U.S. either. Our political system, I think our two-party system, is very likely not going to survive this election.

Juliana: Yes. If we lose the trust in the institutions we have, we lose the floor where we are standing. We lose the reference.

Scott: Exactly. And that's why people are feeling lost and discouraged and disappointed.

Juliana: And this even has an impact on economy.

Scott: Oh yeah. Oh yeah, of course it does.

Juliana: So in order to, maybe really generally, but in order to make our institutions stronger again and that people could trust in our institutions, what would you recommend?

Scott: Well you have to look at each institution in specificity, in its granularity and find out why is it as it is, what is exactly going on. And then try to say okay, if we want this to work in a different way this is what we should do. Make some prescriptions about new legislation, new guidelines for setting up programs and so on. But one of the things we know is there's no sort of general overall magic bullet. Each institution is going to be different; each one is going to vary from one country to another, one context to another. And so you need to have careful analysis before you prescribe. You have to have diagnosis before prescription.

Juliana: As a great researcher in the area, have you ever been invited for example to help in the political arena, changing legislation?

Scott: No, not specific legislation. But I have spent a lot of time at the national level working with various kinds of commissions and the National Science Foundation, the National Research Council, National Institutes of Mental Health, and so on. This work has focused on not what we should be in a specific area, but to ask what the research we need is, what's the next research agenda? And it's not about designing specific programs, rather saying, "We're trying to develop some work in this area, what are the main questions we should be asking, what are the best approaches to use?" And so I have been one step back from being at the table where recommendations for specific policies are made. I worked in these questions in the healthcare area, in the education area, in the area of organization research and the general academic research area and so on. But it's mostly one step back from the actual policy table to trying to design the scientific foundation that will provide information for policy setting.

Juliana: Do the economic sociologists have more room?

Scott: They would have a little more, a little more because of the adjective "economic". They're more likely to be taken seriously, but I think in general sociologists, compared to economists, are not at the main policy-making tables.

Juliana: That's the problem. Maybe this explains why we are going like this.

Scott: Yeah, I think it does. I disagree a lot with the basic assumptions that most economists make about why people behave as they do. I do not believe in the rational man theory. I don't like their definition of "rational".

Juliana: Well Professor, I have no words to describe how thankful I am. I appreciate so much your interview.

Scott: You're welcome.

Interviewee's Profile

W. Richard (Dick) Scott

W. Richard (Dick) Scott received his PhD from the University of Chicago and is currently Professor Emeritus of Sociology, with courtesy appointments in the Schools of Business, Education, Engineering and Medicine. He has spent his entire career at Stanford University. He is a leading contributor to organization and institutional theory and his empirical research has focused on professional organizations: schools, colleges, mental health systems, health care systems, nonprofit organizations and engineering teams.

For further information: <https://sociology.stanford.edu/people/w-richard-scott>

Interviewer's Profile

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