

#### Original Research Article



# Revisiting the scope and suggesting novel domains of institutional theory in the public administration research

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#### **Abstract**

In this conceptual paper, we aim to revisit key research themes in contemporary organizational institutionalism and by doing this, redirect attention of scholars in public administration towards the most promising domains of application of institutional theory. We propose to shift attention from enabling and power-induced framing of institutional theory towards understanding it as a theory that helps recognize and analyse institutional pressures, constraints and inertia that influence administrative reforms and other organizational change attempts in public organizations. We sharpen the focus of institutional theory, specify the boundaries of institutional explanations by analysing questions that lie beyond institutional theory domain of application and suggest most promising research directions. Thus, we warn against unnecessary inflation of the scope of a theoretical apparatus and "explaining" how actors create, change and disrupt institutions and propose how institutional theory can be applied to predict the patterns of success or failure of changes in the public sector.

#### **Keywords**

Institutional theory, boundaries, practices, change, public sector, organizational research

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### Introduction

Institutional theory emerged in the 1970s as a distinctive theory of public sector organizations (Jepperson, 2002; Meyer and Rowan, 1977; Rowan, 2010) when John Meyer and Richard Scott began searching for theoretical explanations of various empirical anomalies in education and healthcare systems respectively (Rowan, 2010). Puzzling phenomena such as loose coupling, isomorphism and ritualistic behavior in organizations cannot be explained within the framework offered by existing realist theories and a new theory was needed that could account for institutional effects. It is still true 40 years later that this theory is still well theoretically equipped to be applied in the context of public sector organizations (Ashworth et al., 2009; Frumkin and Galaskiewicz, 2004; Lapsley and Miller, 2019; Modell, 2009, 2022, 2023). Introducing into an organizational analysis such constructs as institutions, institutional fields, institutional effects, and institutionalization allowed understanding a wide range of organizational and managerial problems, from the maintenance of inefficient practices to failures of introducing innovative practices and accomplishing reforms (Palmer et al., 2008; Scott, 1987; Suddaby, 2010). In recent years, institutional theory has often been accused of focusing too much on the isomorphism and determinism of institutional structures because it is believed that such theoretical narrowness has hampered research into processes of change and innovations (Dacin et al., 2002; Greenwood et al., 2008; Lounsbury, 2008). A common strategy for future directions in institutional theory has been to suggest that a theory should stop focusing on stability, homogeneity and conformity and instead pay attention to actors' attempts and efforts directed at responding to institutional pressures, resolving institutional complexity, and exploiting opportunities to change, maintain, disrupt or create institutions (Lawrence et al., 2013). It is easy to find a great number of such papers in all fields where institutional theory can be applied, including public administration research. Some researchers, however, share the opinion that proponents of such voluntaristic and context-free extensions of institutional theory "have overshot the mark" (Alvesson and Spicer, 2019; Suddaby, 2010: 15) and somewhat lost a direction. The problem in modern organizational institutionalism is twofold: unmotivated inflation of the theoretical apparatus and the limited explanatory ability of the theory. Thus, sharpening the focus of institutional research simultaneously means we can delineate the boundaries of institutional theory and identify its new domains.

Since the 2000s, scholars in organization theory as well as in public administration research began to polarize studies on classical institutional isomorphism and decoupling and modern research aimed at exploring the character of institutional change (Lounsbury, 2008). If this polarization is relevant, it still opens only a part of the whole landscape of theoretical and empirical questions that institutional theory can offer. Recently, Modell (2022) and Polzer (2022) summarized the main research themes, gaps, and promising research directions for institutional analysis in public administration research. Rather than offering a critique of their views on institutional theory in the public sector, we complement their findings by offering a critical look and examination of other dimensions and uncharted paths in the institutional research agenda in the public sector.

Recent developments in institutional theory indicate that it became so ambiguous and flexible that it seems to be a study of almost anything. Institutions have become everything, any social act and purposeful action can be treated as an example of institutional work, and it is difficult to specify anything that is not an institutional logic (Alvesson and Spicer, 2019). It is obvious that institutional theory covers too many things, yet it has a surprisingly narrow domain of application. Coming across countless examples of actors resisting and deinstitutionalizing institutions and establishing new institutional regimes is attractive but downplays the hidden potential of institutional theory. It is not a tool for this type of job (Suddaby, 2010; Aksom, 2022, 2023). For institutional theory, it is more fruitful to ask how organizations are constrained within and from without, that is by internally established institutional routines and surrounding institutional environment. In this way, institutional theory enables tracing local modifications and variations of global standards as those which have little to do with intentional and purposeful optimization and adaptation, but rather indicate that there are institutional forces at work that hinder, obstruct, prevent and distort change attempts. It is, therefore, an important task for future theoretical work in institutional analysis to strike a balance between a too-broad interpretation of institutions and the role of actors and a too-narrow understanding of the goals and possibilities of institutional theory.

Therefore, in this paper, we aim to shed light on prospective, promising and neglected research directions and questions that have been overshadowed and underestimated given the mainstream trends in institutional theory. By specifying and redrawing the scope of institutional explanations, contemporary institutional analysis can be reasonably and fruitfully narrowed thus making it coherent and more focused, leaving out theoretical extensions that are unrealistically ambitious and to some extent contradictory.

It is argued that institutional theory is yet to realize its potential as a theory that explains and describes what organizations cannot do and how they fail to accomplish desired changes and reforms. Institutional theory requires to be revisited as a theory of constraints and inertial forces that inevitably shape organizational change initiatives and outcomes of reforms. Why do some organizations fail while others succeed? How do institutional barriers and resistance emerge, what are the patterns of their manifestation during different stages of reforms and what consequences do these institutional effects have? How institutional theory can explain and predict why new techniques have not been used as intended? Institutional theory is capable of explaining not only the reason for choice (as it is a motivation for adoption/non-adoption that is the most popular genre in institutional research)<sup>1</sup> but peculiarities and patterns of adoption and post-implementation outcomes. We argue that institutional theory with a little help of other strands of organization theory has the potential not only to conclude ex-post that change is either failure or success, but to a large extent predict the patterns of such changes.

In this paper, we focus on three main research avenues that are expected to be most fruitful and prospective for institutional analysis in public administration research. We distinguish between: (1) effects on organizational practices in the form of institutionalization and institutional distortion, (2) how institutionally infused practices are implemented explaining peculiarities of adoption and possible local deviations, and (3) institutional influence on organizations in general. These constitute the next section of the

paper. The section after discusses the boundaries of institutional theory and critically reflects on recent streams in institutional analysis offering reasons and alternative ways for their address. The paper ends with concluding discussion summarizing key reflections.

# Critical reconsideration of a spectrum of institutional effects on organizations and their practices

Institutional theory explains organizational behavior and evolutionary dynamics at the macro level of organizational fields by referring to wider institutional contexts that shape organizations (DiMaggio and Powell, 1983; Greenwood et al., 2008; Meyer and Rowan, 1977; Suddaby, 2010; Tolbert and Zucker, 1996). In turn, environments are conceptualized as "understandings and expectations of appropriate organizational form and behavior that are shared by members of society" (Tolbert, 1985: 1). In mature and highly institutionalized environments organizational structures, practices and behavior to a large extent reflect prevailing taken-for-granted norms, values, beliefs and understandings that, further define the very notions of success, efficiency, progress or rationality. Although these social expectations may have little to do with real technical and economic benefits, organizations that conform to institutional demands gain legitimacy, in form of support and approval (Meyer and Rowan, 1977; Staw and Epstein, 2000). As a result, organizations become increasingly similar through institutional forces and at the macro level homogeneity is what to be expected. The first wave of institutional analysis used to emphasize that conformity to institutional expectations decrease organizations' efficiency and promotes economically irrelevant and technically obsolete practices, receipts and procedures.

Early institutional theory converged around ideas about the constraining and channelling effects of institutions on organizations. Institutionalized meaning systems establish rules, norms, beliefs, understandings and moral obligations that favor conformity, stability and system reproduction (Jepperson, 1991; Oliver, 1992; Zilber, 2002). A modern shift towards agency-centric explanations to a large extent undermines the theoretical foundations of classical institutional tenets by putting too much emphasis on actors' ability to escape, resist and manipulate their institutional environments. Strategic responses to institutional processes are now a dominant research stream within institutional studies, however, they seem to blur the theoretical boundaries by drifting toward the field of strategic management and industrial organization. The statement that "interested actors work to influence their institutional contexts through such strategies as technical and market leadership, lobbying for regulatory change and discursive action" (Lawrence and Suddaby, 2006: 215) seems to be a radical departure from phenomenological foundations of institutional theory. By bringing such overly rational and disembedded views on actors, we risk eclipsing the most important ideas of institutional theory, that is, of constraints and channelling effects of institutions.

This is exceptionally relevant for public administration literature, which often studies reforms as a deliberate change of an organizational form and requires the introduction of alternative public sector practices (Blomquist, 2000; Wettenhall, 2013). Returning to the notion of structural constraints and limitations that institutions impose on organizational

efforts to change instead of expecting that actors will purposefully and creatively manipulate their institutional environments and change in a desired way provides wider opportunities to explore the reasons why some public sector reforms fail, while others are successful. Institutional theory offers a toolkit for understanding how institutions shape and constrain organizational change attempts that would otherwise be achieved.

# Institutional effects on organizational practices: distortion despite efficiency

Institutionalized practices are those that have been taken for granted as their value is presumed (Green et al., 2009; Scott, 1987). The degree of institutionalization reflects the degree of taken-for-grantedness (Green et al., 2009; Zilber, 2002). The latter captures the phenomenological roots of institutional theory, that is, meanings attached to practices and structures (Jepperson, 2002; Zilber, 2002). According to Selznick's classical definition, institutionalized practices are those that have become infused with value<sup>2</sup> beyond the technical requirements of the tasks at hand. Here we find a key to understanding the very nature and the main function of institutional theory: it is a theory that recognizes that over time, once technically efficient practices tend to acquire institutional meaning and strictly technical value is replaced to some extent with institutional meaning: "...social structures and processes tend to acquire meaning and stability in their own right rather than as instrumental tools for the achievement of specialized ends" (Lincoln, 1995: 1147).

Since then, processes of "value infusion" and institutionalization have been accepted as mostly synonymous and by institutionalization one should presume that it is a process of a decrease in efficiency and usefulness. In Selznick's terms, institutionalization and value infusion need to be understood as neutral processes – it is neither something bad nor is it good. It is a natural process when an organization eventually arrives with its own institutional meaning and distinctive character. Institutionalization is a unique product of an organization's own path and experience. But for modern institutional streams this theoretical construct has been retained with two important modifications that allowed integrating Selznick's institutional theory as a macro-level theory with further applications to organizational fields (Alvesson et al., 2019). First, institutionalization is not unique for each organization but is a common path with institutionalization as a standard, shared meaning system, one for all members inside a mature institutional field. Second, institutionalization by default means a decrease in efficiency (Meyer and Rowan, 1977). Purely technical solutions are blurred and replaced with beliefs and understandings and consequently, technical processes appear to gain institutional value (Zbaracki, 1998). In institutional theory, the institutional environment distorts once efficient practices, infusing them with understandings and expectations of appropriate common form and behavior that are shared by members of society (Jepperson, 2002; Tolbert, 1985). In uncertain environments, even former efficient innovations over time lose relevance for empirical reality and are no more able to establish cause-effect links to ensure efficient decisionmaking. This is exactly what institutionalization means for organizational ideas and practices (Scott, 1987; Suddaby, 2010; Green et al., 2009; Zbaracki, 1998). The distortion and replacement of purely technical value within institutional meanings inevitably occur over time due to mainly two reasons – (1) cognitive limits to information processing and rational decision-making, and (2) environmental uncertainty and complexity. Both cause a decline of reliable and empirical knowledge associated with once technically relevant procedures and a rise of institutional myths. A lack of information about a practice and a lack of understanding of means-ends relationships are expected to be filled in with imitation, that is, observing others' organizations adopting certain practices. Adoptions are based on organizations' assessment of the quantity rather than the quality of adopters because organizations believe that other organizations know the right answer and others' actions convey information. The bandwagon pressure caused by the sheer number of organizations that have already adopted this practice explains why inefficient innovations often enjoy success and diffuse widely.

A change in meaning seems to be the most important and reliable indicator of the presence of institutional effects. Studying changes in the rate of adoption or from the decreased predictive power of certain organizational factors over time does not necessarily capture institutional effects (Greenwood et al., 2008; Suddaby, 2010). Instead, organizational learning may be an alternative explanation. Therefore, Suddaby reminds that the central puzzle of institutional theory is to understand "why and how organizations adopt processes and structures for their meaning rather than their productive value" (2010:15). A focus on institutional meaning inevitably leads us to the most important research agenda: to explore why organizations adopt, maintain, and use practices that have no obvious value (Staw and Epstein, 2000) and persist even when a more technically advanced solution has been invented.

Knowledge in an environment left to spontaneous evolution tends to decrease and erode over time under the impact of ever-increasing uncertainty and white noise. What used to be once reliable information about cause-and-effect relationships and working methods and recipes for solving certain tasks and problems becomes a myth, ideology, understanding and belief over time (Brunsson, 1986; Jarvinen, 2006; Jepperson, 2002; Mellemvik et al., 1988). Myths are taken for granted by organizations and individuals as they perceive this institutional "knowledge" as objective information and objective reality. It is a central, but somehow forgotten and lost tenet in institutional theory that adopting, maintaining and (non)use of institutionalized practices is not about cynical and calculative pretending-to-conform and window-dressing behavior in an attempt to gain legitimacy. If we want to take a social constructionist view seriously, we need at least recognize the difference between how actors present practices to the social world (Meyer and Rowan, 1977; Staw and Epstein, 2000) and how they themselves experience these practices as objective reality (Zbaracki, 1998). This latest point originates from uncertainty and a lack of understanding of means-ends relationships that organizations naturally face. If actors "do not understand their interests or how to realize them, they become susceptible to institutional influence" (Friedland and Alford, 1991: 244). This, in turn, prevents actors from distinguishing empirical and reliable knowledge from socially constructed criteria of such notions as rationality, efficiency or progress.

Many studies in public administration have followed this view. For instance, Pettersen (1995) illustrated the institutional value infusion in budgetary use in Norwegian hospitals. When there are neither good output measures nor good causal knowledge, uncertainty gives way to institutional value instead of pure technical merits in budgetary control.

Mellemvik et al. (1988) referred to accounting as a procedure that manifests and maintains institutional meanings and myths in situations of high uncertainty and low knowledge about cause and effects. After all, adhering to institutional norms implies accepting beliefs rather than validated knowledge (Jepperson, 2002). In management fashion theory, management fashions are beliefs that certain management techniques lead to successful performance. Green (2004) stresses that new practices do not have to be effective – actors only have to believe they are beneficial. Fashionable concepts, therefore, are neither purely beneficial nor harmful for organizations; they emerge out of uncertainty and simply fill in the information vacuum in institutional fields and reflect institutional beliefs. Organizations conform to what they believe society expects from them. Not surprisingly reforms often disappoint (Aberbach and Christensen, 2014), may not deliver success (Hyndman and Lapsley, 2016) and lead to inconsistencies, hypocrisy, and confusion (Brunsson, 1986) when both motivation and benefits of adopting public practices relate to the belief system of organizational actors. Järvinen (2006) study of new cost accounting systems adoption in Finnish hospitals is exemplary in this stream of research. He recognizes that the benefits of adopting an activity-based costing method cannot be fully measured and quantified. Rather the benefits are seen to relate to the belief systems.

Therefore, how former technical value is distorted and infused with institutional meaning is an important task for researchers in the field of public administration because institutionalization is about the loss of relevant information and increased uncertainty. The public sector is more susceptible to institutional influences and in the absence of strict market competition and profit-maximization principle, such categories as efficiency, innovativeness, rationality, or progress can be blurred, distorted and infused with those meanings, values, understandings and beliefs that are prevalent in a given institutional environment. Reasons for adoption may vary significantly and institutional theory cannot be an exhaustive explanatory framework, but this theory is well-equipped for exploring how actors perceive institutionally infused ideas, practices and structures.

# Implementation of institutionally shaped practices: obstacles, local variations, and failures

Institutional theory is a powerful tool to explain reasons behind the adoption of institutionally shaped organizational practices, institutionally inspired reform initiatives and institutionally shaped behavior in general (Alm and Storm, 2019; Järvinen, 2006; Johansson and Siverbo, 2009; Mättö et al., 2020; Mättö and Sippola, 2016; Mnif Sellami and Gafsi, 2019; Pettersen, 1995; Sedgwick and Lemaire, 2023; Suddaby, 2010; Torfing et al., 2023; Vakulenko et al., 2020). Moreover, institutional theory is a useful tool to study accounting change as a quintessence of public sector reforms (Modell, 2022). But institutional forces and imprints have less power when affecting technically efficient practices inside organizations. Here several relevant questions in public administration research arise, namely, why reforms disappoint so often (Aberbach and Christensen, 2014: 3; Christensen, 2012) and how local organizations adopt global innovations (Hyndman et al., 2014; Polzer et al., 2022).

Innovation can be interpreted as an administrative and organizational practice or concept that is novel for the organization but is prevalent in some other areas where it has proved its efficiency. This allows tracing how a practice spreads from one institutional environment, where it is widely prevalent and taken for granted (or, at least, institutionally uncontested), to another environment, where its introduction can violate local legitimacy criteria. The main conclusion from prior studies is that resulting transformations, modifications, adaptations and variations are not so much outcomes of purposeful and interest-driven behavior and deliberate agency, but a matter of institutional contingencies and constraints.

Adopting institutionally contested innovations is a matter of extracting economic benefits for performance improvement and for institutionally accepted practices translation means adapting global institutional standards to local institutional context. In this scenario organizations at least can extract legitimacy gains by adopting institutionally approved practices. This question promises a fruitful research agenda for understanding the way institutional values infuse organizational practices, but it offers a possibility for even more ambitious research, namely, the one of interpreting and adapting (and probably failing to adapt) imported innovation with local institutional landscapes. While institutional theory is routinely used as a standard theoretical framework that explains the reasons and motivation behind a decision to adopt certain practices and implement certain reforms, this function of institutional theory is important but not exclusive.

Institutional theory is best equipped to study the diffusion and institutionalization of popular organizational practices and the questions about the origin and early implementations of new practices and reforms have been often beyond the scope of the theory. At best, the answer has been redirected to economic theories which gave the same answers as a two-stage model of diffusion: that is, early adopters implement innovations for economic and efficiency gains while institutional meaning and value emerge later (Staw and Epstein, 2000). Given the lack of theoretical elaboration on this early stage of diffusion and on the emergence of novel practices in mature institutional contexts, usually the answer is trivialized to the matter of highly motivated and empowered actors, who display willingness and ability to change existing institutional status quo. Such types of "explanations" introduce a deus ex machina kind of reasoning by suddenly importing theoretical solutions from the field of strategic management and economics and ignoring the very foundations of institutional theory.

In this sense, one would reasonably ask about the fate of novel ideas, practices, techniques and reform packages in established mature institutional fields from the perspective of an institutional theory. It is not anymore a question of symbolic compliance and conformity to prevailing institutional norms and legitimacy-seeking behavior and adoption decisions. Rather it is about organizations' struggle to implement truly novel and promising solutions to improve their practices and about institutional pressures that impact and shape these attempts. Thus, we come close to the most relevant issue in public administration research. Let's assume that an organization deals with a technically efficient practice, not yet distorted by institutional influences. Now the problem is not with the institutionally distorted practice but with the pure technical practice that enters institutionally distorted domains (Sanders and Tuschke, 2007). We do not ask anymore

whether the new practice was adopted for reasons of mimesis, or it actually meant to improve performance regardless of institutional demands (Suddaby, 2010). We ask how institutional forces shape adoption. Instead of attributing any kind of change to institutional entrepreneurs or institutional "workers", it is more fruitful to mobilize truly institutional explanations and answer a set of fundamental questions with regard to attempts, processes and outcomes of implementing technically relevant practices in the public sector organizations. Further, we debate three key reasons for organizational failures to introduce practices.

Failure to recognize the need for change towards more efficient practices. Although institutional studies of public sector reforms tend to focus mainly on the motivation dichotomy between social and economic benefits (Kennedy and Fiss, 2009), a desire to implement efficient and working solutions and tools is a more natural motivation and driving force (Kennedy and Fiss, 2009). Public sector organizations although more susceptible to institutionalized myths (Frumkin and Galaskiewicz, 2004) still may want to improve the quality and efficiency of their services. It is true that institutional theory has been developed as an alternative to functionalist and rational approach to understanding adoption motivation, still, it is this rational reason to improve performance, quality and efficiency that serves as an engine for early-stage diffusion of novel practices and reforms (DiMaggio and Powell, 1983). Therefore, the motive does not derive from a desire to adopt for symbolic compliance and legitimacy gains but can be attributed to a sincere desire to improve performance and about institutional effects that influence, moderate and prevent these attempts.

The first typical case of innovations vs. institutions clashes is a scenario where organizations fail to realize the potential that technically efficient practices offer. In stable external environments, organizations are not likely to even recognize the need and benefits of change due to ever-increasing institutional effects. The stronger are institutional forces in a given organizational context, the less prone to new solutions are these organizations. Without an urgent need for change and/or serious environmental turbulences organizations will not consider changes at all. Such ignorance is, in fact, the most typical response in highly institutionalized environments. Most novel solutions usually challenge existing institutional order and tend to be considered illegitimate. An accurate institutional analysis must consider this prevailing institutional tendency towards ignorance.

Failure to adopt practices. That organizations deal with completely institutionalized practices is one of the most common misunderstandings of institutional theory. In fact, few organizational and administrative practices are institutionalized to the extent that they are perceived as taken-for-granted, objective facts. In most other cases, the degree of institutional support varies, and this variation explains both successful and unsuccessful implementation outcomes. The outcome of adoption can be understood as a combined effect of institutional processes and parameters of an innovation. Typically, two parameters are crucial in adoption success, namely, an institutional profile and a degree of interpretative flexibility. The extent of institutional support and congruence between

adopting practice and prevailing institutional order is a crucial factor in understanding actors' ability to adopt and adapt innovations. Institutionally supported practices may still have technical dimension and value but it is their institutional meaning that matters most in adoption. In contrast, institutionally contested practices can face resistance and it is unlikely that such innovations compete with existing institutionalized routines. Interpretative flexibility is a virtue that allows innovations to escape to some extent institutional pressures and tone down institutional resistance. Being ambiguous enough allows these practices to find a better fit with adopting unit.

Still, the adoption success is determined by a single indicator – an adopted practice must be utilized to be useful for an organization. Otherwise, we deal with institutionalized practice which does not necessarily have to offer any technical value. Institutional resistance and organizational practices parameters matter only in case of economic motives and these two factors determine organizations' ability to extract economic benefits.

Failure to properly implement and benefit. In this scenario organizations do not seek legitimacy benefits but focus on technical value that adopted practice promises. This means that when an organization decides to introduce activity-based costing, balanced scorecard, accrual accounting or any other practice, this decision is motivated by a desire to improve organizational performance.

Many qualitative studies explore how organizations adopt, modify, and adapt global standards to adjust to their local context. Usually, such studies reduce the research problem to the question of finding a fit between adopting unit and implemented practice. This research field is best known as translation studies or Scandinavian institutionalism. The main idea that gathers and identifies many studies under the Scandinavian institutionalism banner is that as it travels, an idea may be subject to different types of modifications ("translations") and contributes to increased heterogeneity in organizational fields (Nielsen et al., 2020; Wæraas and Sataøen, 2014). In this sense, translation theory is seen as an alternative to new institutionalism: diffusion is replaced with translation, isomorphism with heterogeneity and decoupling with different local variations.

The limitation of this approach is that it attributes too much agency to local adopters and, by doing this, to a great extent departs from institutional tenets about embeddedness and isomorphic pressures. To align this perspective with institutional reasoning one needs to return to institutional arguments. Seen through the prism of institutional theory, modifications and variations have little to do with intentional and deliberate adaptation and translation of management ideas and concepts. Instead, adoption outcomes can be attributed to organizations' sensitivity to institutional pressures and inertial forces. Institutional norms, rules and expectations shape adopted practices, not vice versa. When novel ideas or practices enter a new institutional context, they do not simply cross it; they fail to conform to and also challenge the dominant institutional order. The most fruitful way to use institutional theory in this case is to apply it as a theory of institutional constraints and barriers to successful implementation and use of efficient practices. Translation perspective predicts homogeneity since "when management ideas spread between and across fields with multiple actors modifying it, the field is characterized by a

number of "local" variants due to context-specific translation processes" (Wæraas and Sataøen, 2014: 243). Institutional theory would rather look at how institutional pressures shape organizations' ability to adapt and maintain institutionally contested practices.

# Organizations as end in themselves and institutional forces

The final theoretical direction that can be considered as a revival of institutional isomorphism studies and traced back to Selznick's (1984) notion of institutionalization as a value infusion that happens with organizations. In this research stream it is important to understand why organizations conform to converging forces despite efforts to diverge and vary contrary to established and taken-for-granted templates and norms. While the previous two theoretical directions dealt with institutionalization of organizational practices and institutional effects in the context of administrative reforms, this research stream addresses the most global and fundamental aspect of institutionalization, that is, the institutionalization of an organization.

Organizations are quintessential institutional products, "the preeminent institutional form in modern society" (Bromley and Meyer, 2017; Brunsson and Sahlin-Andersson, 2000; Meyer and Bromley, 2013; Scott, 1987; Zucker, 1983: 1). From institutional theory's perspective, institutionalization of an organization means that the organization is viewed more as an end in itself than as a means (Scott, 1987). Organizations in highly institutionalized environments cannot be considered anymore solely as tools for achieving certain purposes. In this respect, institutional theory suggests that self-maintenance, not goal attainment, is the overriding criterion around which the organization is constructed.

For public sector research, an institutionalized organization ut talis becomes an object of interest as institutional analysis reverses a typical assumption in New Public Management that public sector organizations borrow tools, structures, and strategies from business organizations to increase efficiency and follow market logic, which, in turn, allows achieving some definite purposes. Instead, a blurring between sectoral boundaries (Bromley and Meyer, 2017) is caused by institutional forces that reverse the logic of change: public sector organizations blur the boundaries with for-profit organizations in order to exist as a legitimate social system and their self-maintenance is an ultimate purpose (Brunsson and Sahlin-Andersson, 2000). It is not just a question of institutional distortion of once technically efficient practices; it is about organizations that consider it more valuable to be a building block and constitutive of a social system than being a useful instrument for achieving societal relevant purposes. Here, again, institutional theory can contribute as a theoretical framework that explores and explains constraints and limits to successful NPM-like reforms and institutional consequences of rationalbased attempts to fix public sector problems and improve public sector practices (Aberbach and Christensen, 2014).

# Delineating the boundaries of institutional theory

It is natural that no theory can be a theory of everything and, thus, any scientific theory has its boundaries that delineate its distinctive and predetermined domain of applicability.

Friedland and Alford providently and prophetically noted that "each theoretical perspective has places it cannot see, territory it cannot map" and, instead, "each theory has a home domain of analysis where it is analytically powerful" (1991:241). Ironically, it is the Friedland and Alford's 1991 chapter that contemporary institutionalists and users of institutional theory turned into a theory of everything that has no trouble in explaining any single case study. In most cases, institutional theory used to cover too much, and the notion of institutions can be easily applied to almost any phenomenon while anything can be categorized in modern institutional studies as institutional entrepreneurship, institutional work and institutional logics (Alvesson and Spicer, 2019). Yet, at the same time, institutional theory is surprisingly narrow. Early streams originating from Meyer and Rowan's and DiMaggio and Powell's theoretical assumptions were focused on diffusion and further institutionalization of widely accepted organizational practices and structures, which culminates in isomorphism at the macro-level and decoupling for individual organizations. Such issues as the origin of new practices, their popularization, organizations' failure to successfully reform themselves, local adaptations of global standards and the disappearance of existing institutions initially have been beyond the scope of new institutionalism. When researchers began elaborating on these topics, answers in most cases were artificial, far-fetched and detached from the phenomenology of institutions. Actors are portrayed as disembedded from their institutional context, they can escape the totalizing impact of institutions and institutional change is a matter of free will, interests and power.

We propose to narrow the scope of institutional explanations in order to make them more coherent and sharper. Moreover, those topics that can be captured and possible explanations for them need to be reframed and reconceptualized more attentively and perseveringly in line with existing institutional theoretical apparatus. Researchers need not search for global field-level fluctuations and assign institutional change to individual actors, who pursue these changes intentionally, but instead focus on individual organizations, their attempts, problems that accompany these changes and outcomes whether positive or negative. These questions are not so broad and exciting as field-configuring events, creation, change and disruption of institutions but they are realistic, and they do not overestimate the real explanatory power of organizational institutionalism. Modern institutional studies in most cases tend to overestimate both institutional theory and those who are subject to institutional explanations – organizations. By refocusing institutional theory on individual organizations and their existence in mature institutional environments, institutional theory becomes more coherent and nuanced. While in the previous section we offered theoretical directions that revisited questions and issues in organizations when facing institutional forces, below we offer two directions on how contemporary institutional analysis can be reasonably and more coherent by excluding theoretical extensions that are unrealistically ambitious and at the same time contradict the basic institutional postulates. We propose two general themes in institutional analysis that must be revisited and, in many cases, excluded from being addressed as institutional problems and within an institutional framework.

# Conflicts and complexity versus the nature of institutions

It is probably the most popular genre in public administration research and general organizational studies to explore the complexity of multiple institutional logics and how actors respond to arising complexity. For example, in their study of institutional complexity, Reay and Hinings (2009) identified various mechanisms that allowed actors to manage the rivalry between institutional logics. However, what becomes obvious in this case, is that none of these logics is truly institutional. We can naturally conclude that if institutions are taken-for-granted, that is, they are objective, natural, obvious and uncontested representations of social reality and actors perceive them as the only rational and appropriate way of doing things and other alternatives are unthinkable, these institutions cannot generate any tension, conflicts and inconsistencies. Not to mention, that actors do not recognize the existence of institutions and institutional logics and they cannot "resolve", "manage", "exploit" or "reconcile" something they perceive as their reality.

If there are two or more competing logics, over time only one survives, absorbs competitors, and becomes a taken-for-granted myth about a certain domain of reality. Put simply, if logics are conflicting, they are not (yet) institutional. Two or more institutional logics can co-exist only if they do not conflict with each other and in their respective domains of social reality are taken-for-granted. For example, Friedland and Alford (1991) refer to distinctive institutional logics that do not contradict and conflict with each other: capitalism, democracy, family, marriage, or religion are accepted in their respective spheres of social life and they do not contradict each other. One does not face complexity and does not have to choose between institutional demands of religion, democracy, or market: these logics peacefully co-exist. In this sense, institutions and institutional logics exist only when there are no alternatives that could have challenged existing institutionalized norms and beliefs. They are outcomes of won competition. Studies that deal with decision-making problems and choices under the pressure of various conflicting institutional logics clearly go beyond the scope of institutional explanations. Institutional theory does not deal with decisions and choices in a conventional sense, as economics or strategic management do. Institutional theory explains why actors do not make conscious and intentional choices and instead display predetermined, scripted and socially constructed actorhood when selecting predetermined, scripted and socially constructed institutional templates for organizing:

"as people and groups enter into particular forms of actorhood, the appropriate actions come along and are not usefully to be seen as choices and decisions... [at the same time] the people adopting the new structures will often be able to articulate clearly the legitimating rationales for their action, as if these were thought-out purposes" (Meyer, 2008: 792-793).

This is a paradoxical but integral aspect of institutionalization as actors existing in institutional environments perceive non-decisions as their own rational calculations. Therefore, when actors confront and choose between several incompatible and conflicting demands and make trade-offs, it is clear that they do not confront institutions and taken-

for-granted qualities of social reality. Institutions do not provoke cognitive efforts and conflicts. A conflict between, for example, managerialism and professionalism, is not different in nature from the conflict of modes of budgeting processes (budget flexibility vs. control and planning vs. performance evaluation). But these are rather problems for systems science that can explain how organizations handle complexity and deal with incompatible subsystems (Siverbo et al., 2019). While this type of studies is undoubtedly important and relevant due to the ever-increasing hybridity, complexity and fragmentation of the modern public sector, it is premature to categorize these studies as those that belong to the domain of institutional theory. Complex organizations always face different conflicting tasks, there are various tensions, disintegrations and inconsistencies between different functions, departments and logics. But this is not the problem for institutional theory. One simply does not need an institutional theory and notions of institutional logics and institutional complexity to study antagonistic demands and spheres in an organization. This is a large and important area of research but the one where institutional theory is the wrong tool.

# Paradoxes and inconsistencies at the forefront of institutional theory

The institutional logics perspective is not the only problematic extension of institutional theory. There are many other areas where attempts to develop institutional theory and expand its explanatory apparatus failed and generated new theoretical and logical inconsistencies, paradoxes and puzzles. These extensions demonstrated that it is, in fact, not so easy to move beyond the core institutional isomorphism theory. Take, for example, the phenomenon of deinstitutionalization (Oliver, 1992). If institutions, once created, tend to persist even when they have lost their functionality and are perceived as an objective, taken for granted reality, how then actors can 1) recognize the subjective nature of institutional reality, 2) doubt the relevance of an institution and 3) deinstitutionalize it? A theory of deinstitutionalization ignores and breaks every single tenet of institutional theory. Later studies on deinstitutionalization used to confuse the unit and the level of their analysis so that it is unclear in most papers, after all, whether it is about individual organizations that abandon their routinized practices or it is deinstitutionalization of an institution. Let's agree, there is a big difference between abandoning a practice of management accounting in a single organization and deinstitutionalizing it as an institution. Again, Oliver's theory is rather about a simple organizational change: an organization may abandon its budgeting practices but budgeting as a global, worldwide institution is alive and well.

Even the core institutional concept of decoupling is logically flawed as it assumes that a taken-for-granted symbol can be consciously and intentionally manipulated (Tolbert and Zucker, 1996). The notion of decoupling had been abandoned already by DiMaggio and Powell (1983) as a concept that creates more theoretical problems than solutions but still many researchers use this theoretical tool uncritically, generating all accompanying ontological and epistemological mistakes. The institutional work approach is no less problematic than theories of deinstitutionalization, decoupling or institutional logics. For no reason, proponents and advocates of this theoretical concept abandoned the core

institutional idea, that is, that institutional forces only increase over time and established institutions, institutional fields and institutionalized practices do not require any efforts directed at reproduction and maintenance. Instead, it was assumed that institutions tend to decay and erode and that intentional and purposeful efforts are needed to maintain them. This theoretical perspective directly contradicts the former view on institutionalization as a force that increases and persists over time (DiMaggio and Powell, 1983; Scott, 1987). Institutionalization is a process of self-organization while a self-maintenance and a return to a particular state if disturbed are expected outcomes. An established organizational field as a system has a tendency to self-maintenance and tends toward a stabilization around the established institutional order. Institutions neither require any institutional work nor admit the possibility that actors could have worked to change or disrupt them.

These main paradoxes and inconsistencies of institutional theory demonstrate how difficult it is to extend and apply the theory in novel domains and explain change. In many cases, institutional theory is simply a wrong tool that is not designed to address many issues that researchers want to approach. Such theoretical assumptions and notions such as "institutional entrepreneurship", "actors' deliberate effort to maintain or change institutions", "resolving institutional complexity", "managing legitimacy" or "responding to institutional pressures" might sound as oxymorons for institutional theory or as an institutional Lamarckism. While it is a necessary demand for any scientific theory to offer explanations of some sort of puzzling phenomena, asking institutional theory about emergence, deliberate change and destruction of institutions can cause the situation when the right theory being asked the wrong questions. Using IT in these cases leads to nothing but inadequate or far-fetched results. Any theory is conceived and constructed in such a way that it focuses on certain issues and ignores and deliberately loses sight of other phenomena and issues related to them. Institutional theory has its delineated scope and boundaries and institutional change is clearly beyond these boundaries. Otherwise, if one tries to stretch and intervene into an internal logical structure and self-consistency of institutional theory the result will be a randomized answer to a wrong question. How actors change institutions is a sort of question that is incompatible with a key institutional claim that actors perceive institutions as an objective and fact-like reality that are beyond any judgment and contest (producing the unsolvable "paradox of embedded agency"). Asking about strategic and entrepreneurial efforts of actors can be more productively addressed by different theories and theoretical approaches, such as strategic management or cognitive theories (Vakulenko et al., 2022). As has been suggested above, it is more fruitful to ask about institutional effects that arise and manifest themselves when organizations attempt to change and how institutional forces shape reform attempts and outcomes.

At the same time, these paradoxes are at the forefront of institutional theory. Solving them and offering satisfactory theoretical extensions means advancing institutional theory as an explanatory system that can adequately and effectively approach a wide range of empirical material and avoid theoretical and logical inconsistencies. Obviously, a public sector organization offers the best research site for future institutional generalizations.

# **Concluding discussion**

It is paradoxical that while institutional theory is enormously broad, yet due to a rapid expansion of its explanatory power, the theory is surprisingly limited with regard to the set of research questions and attended domains. It seems that because such notions as institution and institutional logics have become omnipresent and serve as all-purpose concepts this allowed the inclusion of almost any empirical content into a research program (Alvesson and Spicer, 2019) As a result, institutional theory became vague, in some cases self-contradicting and with unclear boundaries. Obviously, for any theory, such an enormous expansion in the domain of application means that its explanatory power weakens. The focus of institutional theory needs to be shifted to find the right balance between a growing domain of application and an accurate theoretical focus.

Overall, this paper responded to the call by Greenwood et al. (2014) to redirect institutionalists' attention back from exploring institutions to studying and explaining organizations. Institutional theory is most useful when it is applied as a theory that allows exploring and understanding how institutional effects shape and constrain organizations, not vice versa. Moreover, as Modell (2009) noted, the focus of institutional research has shifted from an emphasis on populations of organizations towards individual organizations as units of analysis. In public administration studies (as well as in many related fields) institutional theory appeared to be the most useful theory that can analyse individual organizations and consequences of their embeddedness in wider institutional contexts and dynamics. Isomorphism, legitimacy-seeking behavior and decoupling are still relevant predictions of institutional theory but at the level of organizations they comprise only a part of the story. It is this level of analysis where we can find answers to most fundamental questions in public sector administration and reforms theory and practice, namely, about the reasons of success and failures, unintended consequences and unrealized expectations.

We have shown in this paper that institutional theory is well-equipped with its existing theoretical apparatus to address the questions of the possibility, process and outcomes of reforms and specifically explain why failures, shortcomings, unexpected and unwanted effects occur. At the same time, a no less important task of this paper was to critically question recent streams of institutional theory and suggest how the theory can be narrowed and sharpened to make it more coherent, focused, nuanced and gain more explanatory power.

In this paper, we have offered three distinctive and promising theoretical directions of institutional analysis for public administration research. Each research area approaches a specific level and unit of analysis, namely, the level of organizational practices, organizations that undergo reforms and organizations in their institutional fields. At each level of analysis, one can see that neither organizations nor practices and reforms they (try to) implement can escape institutional forces. We suggest the way intra-organizational institutional pressures shape, direct and constrain organizations' attempts to change.

We proposed to shift attention from enabling and power-induced framing of institutional theory towards understanding it as a theory that helps recognize and analyse institutional pressures, constraints and inertia that influence administrative reforms and

other organizational change attempts in public organizations. We departed from two most typical but problematic research directions in institutional research. The first is a tendency to focus on the organization's motivation as an exhaustive dichotomy where adopters either adopt for legitimacy benefits or for improvement of practices. As such, institutional study is usually reduced to the question of motivation with simple binary options. Second, the problem is with agency-centred interpretations of institutional processes with actors transforming, creating and disrupting institutions or manipulating institutional logics. We offered instead to bring the constraining effects of institutions back into institutional analysis. Research on institutional implications of adopting institutionally infused practices should focus on the problem of limited and distorted information associated with an environment and those practices that are said to handle environmental challenges.

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#### **Notes**

- 1. As will be discussed later in this paper, the very notion of choice is more nuanced in institutional theory than it used to be in regular use.
- 2. Value is something which in the given organization is taken as an end in itself (Selznick, 1957: 57), something that is worth having, doing, and being.

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