THE OLD INSTITUTIONALISM MEETS THE NEW INSTITUTIONALISM

SETH ABRUTYN
University of Memphis

JONATHAN H. TURNER
University of California at Riverside

ABSTRACT: As key socio-cultural building blocks of human societies, institutions are distinct from organizations and, hence, are central to sociological inquiry. In recent decades, however, institutional analysis has increasingly moved toward the analysis of organizations, while treating “institutions” as the environments or fields of organizations. While the insights offered by contemporary organizational theorists have provided important keys to understanding how organizations, especially economic organizations, adapt to pressures within their environments, the authors argue that the Old Institutionalisms of functional theorizing has much to offer the New Institutionalisms. In this article, the Old Institutionalisms are revisited to construct a precise definition of institutions as well as posit a robust theory of institutional dynamics, a theory which supplements contemporary organizational analysis. Four dynamics stand out: the process of institutional autonomy, the intersection of stratification systems and institutions, modes of integration within and between institutions, and generalized symbolic media of exchange. In particular, the latter two occupy the authors’ attention primarily as they have been under-theorized elsewhere.

Keywords: sociological theory, institutions; organizations; functionalism; macro-structural analysis

One of the most important conceptual shifts in the analysis of organizations came in the 1970s, when the environments of organizations were increasingly viewed as critical in understanding organizational dynamics. Along with a new emphasis on networks and markets, organization theorizing took a new direction. The environments of organizations were variously conceptualized along a number of dimensions, such as resource niches (Hannan and Freeman 1977), networks-market relations with other organizations (Fligstein 1996; Ouchi 1980; Powell 1999), cultural norms and ideologies (Meyer and Rowan 1977; Selznick 1948), forms of...
regulation by polity and law (Edelman and Suchman 1997; Hirsch 1975), and in economics especially, the “rules of the game” (North 2005). For some, this shift represented an emphasis on the ecology of organizations, viewing organizations in a Darwinian-like struggle to survive in resource niches with high organizational density (Hannan 1988); for others, the environment was conceptualized as a field of other organizations, regulatory agencies and norms, and cultural ideologies to which organizations had to adapt (DiMaggio and Powell 1983). The first line of inquiry became organizational ecology, whereas the latter was proclaimed to the New Institutionalism. Both approaches emphasized the processes by which organizations adapt to their environments, and both significantly increased the accumulated knowledge of organizational dynamics.

Yet all of this new conceptual activity has not provided a clear definition of institutions. In actual fact, the environments of organizations consisted of other organizations and their cultures, and while this basic point is certainly sound, it does not address the dynamics of institutions as emergent, macro-level socio-cultural formations that constrain the operation of organizations, and vice versa. Rather, selected elements of environments—the state, law, cultural ideologies and mythologies, professional norms, resources, and the like—are highlighted as key properties of environments to which organizations must adapt. And so the structural and cultural properties and dynamics of institutional domains themselves are neither extensively conceptualized nor examined empirically.

While the New Institutionalisms continues to generate useful insights that build upon those already accumulated, we believe that older conceptualizations of institutional domains, like those provided by early functionalisms such as Herbert Spencer and Emile Durkheim, or by more modern-day functionalisms like Talcott Parsons and Niklas Luhmann and by more recent evolutionary approaches such as those developed by Gerhard Lenski, Jonathan Turner, and others, need to be reintroduced. The Old Institutionalism, we argue, still has much to offer the New Institutionalism, because even those organizational analyses that have a more general macro-conception of institutions (e.g., Friedland and Alford 1991; Scott 2008; Selznick 1948; Stinchombe 1997) tend to view institutions from an organizational standpoint and, in the end, selectively emphasize specific dimensions of institutions. In contrast, we intend to focus on the properties of institutions as a whole and, more specifically, the mechanisms of structural and symbolic integration that affect organizational dynamics. By doing so, we can offer some suggestions for how a more comprehensive type of institutional analysis can still inform new institutional theories. We thus look at organizations as a type of meso-level corporate unit embedded in macro-level institutional systems; and from this “top-down” perspective, the environments and fields of organizations look very different from those portrayed by New Institutionalists.

**REINVIGORATING THE NOTION OF INSTITUTION**

We can begin this process of making the Old Institutionalism relevant to organizational analysis by first presenting a simplified but fundamental conceptual scheme about levels of social reality. Figure 1 emphasizes that the social world reveals
a structural pattern of embedding, with encounters embedded in groups, with groups nested in organizations, organizations within communities or systems of communities, and organizations and communities within institutional domains. Figure 2 directs attention to the levels of cultural reality corresponding to the structural levels that, we feel, are relevant to understanding organizations and their cultural environments. In particular, we resurrect and modify an idea first proposed by Georg Simmel (1907/1978) but developed by Parsons (1963a; 1963b) and Luhmann (1984): generalized symbolic media of exchange. From an institutional perspective, these symbolic media are the building blocks of cultural systems—ideologies, meta-ideologies, and norms—that are a critical part of the environments of meso-level organizations.

Cultural Properties of Institutional Domains

*Generalized Symbolic Media of Exchange.* Parsons and Smelser (1956) first developed the notion that generalized symbolic media are exchanged among actors within and between diverse institutional domains. For example, exchanges
within the economy are coordinated by the symbolic medium of money, while exchanges in the polity revolve around the medium of power; as either institution differentiated from other institutions, exchanges would be “governed” by each institutional domain’s respective medium. Later, Luhmann viewed symbolic media of exchange as symbolic “bundles” facilitating and constraining action and interaction by providing a means for constructing themes of discourse and, ultimately, for the development of ideologies or evaluative beliefs of a domain.
From this approach, the evaluative and regulative elements of generalized symbolic media shape discourse, as well as people’s worldviews and ideologies—an idea that is also presented in a number of analyses of organizations (see Aldrich 1999 for a review or Selznick 1948 for an early conceptualization within the organizations literature). In Table 1, we denote various generalized symbolic media developed by Parsons, Smelser, and Luhmann, while offering some speculations on other media operating in complex, differentiated societies.

Thus, culture has to come from somewhere, and while it is certainly true that individuals generate culture as they act, interact, and organize, they do so through the use of generalized symbolic media. Equally significant, depending upon the relative dominance of one or more institutional domains, the environment of organizations will be disproportionately influenced by the ideologies of these dominant domains. For example, if *sacredness/piety* from religion dominates, the cultural environment of kinship, law, polity, and education will be heavily influenced by the ideology and norms built from this medium; similarly, if *money* from economy or *power* from polity dominate, then the ideologies built from money and power become a disproportionate part of the cultural environment of any organization, even those outside of the economy and polity proper. In cases where multiple domains become dominant, the media will become (unevenly) integrated into *meta-ideologies* that collate and integrate the ideologies of all domains with those of dominant domains.

### TABLE 1

Generalized Symbolic Media of Institutional Domains

<table>
<thead>
<tr>
<th>Domain</th>
<th>Generalized Symbolic Media</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kinship</td>
<td>Love/Loyalty, or the use of intense positive affective states to forge and mark commitments to others and groups of others</td>
</tr>
<tr>
<td>Economy</td>
<td>Money, or the denotation of exchange values for objects, actions, and services by the metrics inhering in money</td>
</tr>
<tr>
<td>Polity</td>
<td>Power, or the capacity to control the actions of others</td>
</tr>
<tr>
<td>Law</td>
<td>Influence, or the capacity to adjudicate social relations and render judgments about justice, fairness, and appropriateness of actions</td>
</tr>
<tr>
<td>Religion</td>
<td>Sacredness/Piety, or the commitment to beliefs about forces and entities inhabiting a non-observable supranatural realm and the propensity to explain events and conditions by references to these sacred forces</td>
</tr>
<tr>
<td>Education</td>
<td>Learning, or the commitment to acquiring and passing on knowledge</td>
</tr>
<tr>
<td>Science</td>
<td>Knowledge, or the invocation of standards for gaining verified knowledge about all dimensions of the social, biotic, and physico-chemical universes</td>
</tr>
<tr>
<td>Medicine</td>
<td>Health, or the concern about the commitment to sustaining the normal functioning of the body</td>
</tr>
<tr>
<td>Sport</td>
<td>Competitiveness, or the definition of games that produce winners and losers by virtue of the respective efforts of players</td>
</tr>
<tr>
<td>Arts</td>
<td>Aesthetics, or the commitment to make and evaluate objects and performances by standards of beauty and pleasure that they give observers</td>
</tr>
</tbody>
</table>

*Note:* These and other generalized symbolic media are employed in discourse among actors, in articulating themes, and in developing ideologies about what should and ought to transpire in an institutional domain. They tend to circulate within a domain, but all of the symbolic media can circulate in other domains, although some media are more likely to do so than others.
**Circulating Media.** The above suggests another property of generalized symbolic media not well conceptualized by existing cultural analyses in the New Institutionalism: their circulation across institutional domains and organizational units in these domains. When symbolic media are exchanged among actors situated in different domains, these media begin to circulate across institutional boundaries. Some media circulate more readily than others—above and beyond specific exchanges among actors. Several conditions affect how rapidly and across how many domains a generalized symbolic medium is likely to circulate. One is the relative “coolness” or “hotness” of the medium itself, or the propensity of media to generate emotionally charged ideologies that impose restrictions on the behaviors of both individual and corporate actors. *Money, knowledge, learning,* and *power* are relatively cool media compared, for example, to *love/loyalty* and *sacredness/piety.* “Cool” media circulate more readily in more domains primarily because they do not limit permissible actions by generating intense moral codes in their respective ideologies—for example, cool media are “universalistic,” while hot are more “particularistic.”

Another key condition affecting the circulation of a generalized symbolic medium is the relative capacity to build and/or place limits on structural complexity. As Simmel and Luhmann both emphasized, *money* builds complexity as it circulates by dramatically increasing the capacity of actors to express preferences in markets (and indeed, to extend markets to virtually all domains). The relative “coolness” of money means it can be used within virtually all other institutional domains—for example, conversion of entrance requirements into monetary payment of fees dramatically increases how complex education, polity, religion, and law can become. Similarly, *power* as franchised authority given by polity to organizations in all other domains can increase complexity by attaching systems of authority to divisions of labor that facilitate organizational growth, complexity, and diversity (Weber 1978). In contrast, a medium like *love/loyalty* restricts actions that build complexity of structures and relationships with other organizational units within and between domains.

A third condition related to the circulation and relative dominance of symbolic media across domains derives from the propensity for “cool” media to displace, to varying degrees, the indigenous media and the ideology and norms formed from these media. Media that give emotional meaning and anchorage—media such as *love/loyalty* and *sacredness/piety*—do not necessarily disappear when *money, power,* or *learning* enter a domain, because their emotional moorings provide a strong capacity to resist “corruption” and “pollution.” However, they are influenced by the presence of “cooler” media in transactions and the ideologies that these media bring with them. Hence, culture of any corporate unit in a domain like kinship or religion will contain ideological elements from economy, polity, and law, and this culture will be very different than in societies where money and power have not penetrated transactions and actions in diverse institutional domains.

**Media and Meta-Ideology.** Because symbolic media circulate differently across institutional domains, the cultural environment of any organization will be disproportionately influenced by those media able to circulate rapidly and widely. In a modern capitalist society, it should not be surprising that the cultural environment
of any organization is disproportionately a *meta-ideology* or combination of the ideologies built up from *money*, *power*, and *influence*, coupled with elements from *learning*, *knowledge*, and *competitiveness*. For example, Meyer’s (1977) emphasis on the “rational mythology” of Western modes of education as a condition for making loans to developing countries is not so much a “mythology” but, rather, an application of the meta-ideology of advanced capitalism legitimating control of dependent societies in the world-system (cf., Meyer, Nagel, and Snyder 1993; Meyer, Ramirez, and Soysal 1992). It is clear, then, that polity, economy, education, and perhaps science are dominant institutional domains in advanced capitalist societies and, thus, so is the meta-ideology that combines their constituent symbolic media into a cultural “program” imposed upon other societies, thereby enabling Western capitalist societies to exercise some structural control over institutional domains (and organizations in these domains) in less developed societies.

**Structural Properties of Institutional Domains**

Structural embedding provides the conduits through which symbolic media of exchange travel from the domain across communities and down through organizational units to groups within these units. Culture exerts its greatest influence by traveling across the networks among organizational units within a domain and the networks connecting organizational units across diverse domains. While mass media can disseminate symbolic media and the ideologies (and normative systems) built from them across a population—indeed the entire world-system of societies—these ideologies and the meta-ideologies and cultures of a domain exert more influence, we believe, when traveling along networks of exchange between organizations and systems of authority in divisions of labor within organizations. Ultimately, it is when culture is *attached* to interactions in encounters lodged in corporate units like groups and organizations that they have their greatest effects in transmitting the culture of a domain to both corporate and individual actors.

**Institutional Autonomy.** At the macro-level, a key structural property of any institutional domain is its degree of autonomy from other domains (Abrutyn 2009). Institutional autonomy is a process by which primary corporate units in one domain secure structural and symbolic independence vis-à-vis corporate units in other domains. Independence allows entrepreneurs to reconfigure their relationships with other corporate units and to carve out autonomous space for their activities. Domains never become fully autonomous, however. For example, law is almost always attached to polity since the enactment and enforcement of law are conducted by agents of the state in most societies of the modern world; still, modern democratic nations depend on a relatively autonomous legal system to secure and sustain legitimate authority. Or in preliterate societies such as those organizing horticultural activities, economy and polity are heavily embedded in kinship and, therefore, not nearly as autonomous as they are in modern capitalist societies.

As a domain becomes more autonomous, exchanges and interactions are increasingly facilitated as well as constrained by its discrete symbolic medium of exchange. The more this medium structures behaviors of actors in communities,
organizations, groups, and encounters in a domain, the more dampened the effects of other media from external domains are on these actors. For example, because religion in the United States is relatively autonomous from polity—within some general legal guidelines—polity exerts a lesser force on church organizational units than in societies where polity sponsors a “state religion.”

**Domains and the Emergence of Stratification.** The unequal distribution of valued resources in a society occurs through corporate units in each institutional domain. And the valued resources are often the symbolic medium of the domain. Individuals at different locations within the divisions of labor of corporate units will typically receive varying levels of resources, thereby generating inequalities in the macro-level distribution of resources across a population. On the basis of their configuration of resource shares, individuals tend to converge in their cognitive outlooks, worldviews, beliefs, behaviors, propensities to experience positive and negative emotions, lifestyles, spending patterns, and other features that distinguish “classes” of persons. If there is a relatively clear convergence among these features, a distinct set of social classes will emerge. The boundaries of classes become less clear, however, when a fuller range of resources is examined, as can be seen by viewing all generalized symbolic media as valued resources or, in more limited ways, other forms of “capital” such as social, cultural, and symbolic capital being distributed like other stratifying resources such as economic capital or power. A class can be seen as a categoric unit because it places people in a social category defined by converging shares of resources and differential treatment of people in each social class. This treatment is often discriminatory, facilitating or blocking access to resource-distributing corporate units within institutional domains.

Furthermore, unequal access to these media becomes the principle criterion for evaluating the relative worth of individuals in diverse categoric units and for legitimating the unequal distribution of other valued resources (Berger, Cohen, and Zelditch 1972; Ridgeway 2001). For instance, if kinship and religion are the dominant institutional domains in a society, then the ideologies of these domains will be combined into a meta-ideology and exert more influence on the evaluations of individuals—that is, the class system will be defined by the respective shares of love/loyalty and sacredness/piety that individuals possess. If, however, economy and polity are dominant domains, then the meta-ideology legitimating stratification will be disproportionately composed of the symbolic media and ideologies of these domains: People will be evaluated by their money and power, and the lack of either will serve as a basis for stigmatizing such persons and for discrimination against them. These stigmatizing (or valorizing) beliefs become part of what expectation-state researchers in social psychology term status beliefs (Ridgeway 2001).

We emphasize these macro-level dimensions of stratification because they are often part, at least implicitly, of the analysis of resource niches in organizational ecology and the “fields” in New Institutionalisms. Within organizational ecology, members of categoric units can become resources for organizations seeking human or other resources from incumbents in categoric units (McPherson 1983). Thus, organizational fields are composed not simply of corporate units but also of categories of persons whether defined by an age cohort, ethnic subpopulation, or gender distinction, or some other point of difference among people in a
The Old Institutionalism Meets the New Institutionalism

society. Moreover, New Institutionalists tend to emphasize professionalization acquired in corporate units (as outcomes of possessing symbolic media like learning and knowledge) of other institutional domains, which in turn generate categoric units defined by persons’ degree of access to various configurations of resources. If income is correlated with ethnicity, a system of ethnic stratification is superimposed on the general class system; members of this consolidation of parameters, to use Blau’s (1977) terminology, will be differentially evaluated by both their ethnicity and money. Ultimately, the immediate environment of any organization is not just other corporate units but also categoric units marking individuals off as distinctive. Thus, the culture of this environment will include more than the ideologies and meta-ideologies of the domains in which corporate units operate; the meta-ideologies and the status beliefs drawn from them place persons in categoric units and are used to evaluate members of categoric units and to legitimate the broader patterns of unequal distribution of resources in the stratification system.

Modes of Integration. Another structural property of institutional domains revolves around the modes and mechanisms of internal integration among the constituent organizational units within an institutional domain and, at times, across domains. As domains become increasingly autonomous, they develop unique configurations of these integrative mechanisms. The particular configuration of an integrative mechanism will exert large effects on how, and to what degree, the structure and culture of an institutional domain and other domains influence the operation of a specific organizational unit within a domain. In Table 2, we list what we see as the basic structural mechanisms of integration within institutional domains. As we will argue, the particular configuration or profile of integrative mechanisms within a domain as well as the nature of the symbolic media and culture of a domain can be relevant to the analysis of organizational fields and environments in this domain. Moreover, the integrative mechanisms among organizations in one domain can be relevant to other domains when (a) the domain is dominant, (b) its symbolic media circulate widely, and (c) its ideology disproportionately influences the meta-ideology composed of constituent ideologies of differentiated institutional domains.

Indeed, the most important insight of the Old Institutionalism is that the environment of an organization is built from the operation of modes of integration within a domain and across domains. Depending upon the profile of mechanisms that are operative, the environments and fields of organizations will vary. Thus, we should pause to elaborate upon these integrative dynamics that are briefly enumerated in Table 2.

INSTITUTIONAL INTEGRATION AND THE ENVIRONMENTS OF ORGANIZATIONS

Segmentation as a Mechanism of Integration

This mode of integration revolves around reproduction of like corporate units, whether these are groups, organizations, or communities. Segmentation’s integrative effects derive from the increasing likelihood that each new corporate unit will


<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Socio-Cultural Segmentation</strong></td>
<td>The duplication of the structure and culture of social units’ equivalence in their divisions of labor leading to common generalized symbolic media for intra- and inter-institutional exchange of resources, discourse, worldviews, ideologies, and norms within a domain and in inter-institutional exchanges with corporate units in other domains. Segmentation creates similar structural and cultural environments for all corporate units within domains and limits the complexity of environments in inter-institutional exchanges.</td>
</tr>
<tr>
<td><strong>Socio-Cultural Differentiation</strong></td>
<td>The creation of new types of corporate units to deal with increasing environmental diversity and problems of adaptation to environments, coupled with common applications of generalized symbolic media, ideologies, and norms for sets of similarly differentiated corporate units in their exchanges within a domain and across domains. Intra-institutional differentiation resolves problems of adaptation to new selection pressures within a domain and is often the initial stage of new institutional formations.</td>
</tr>
</tbody>
</table>
| **Socio-Cultural Interdependencies** | The regularization of relationships among corporate units within and between institutional domains through the use of mechanisms such as:  

- **A. Exchange**  
The transfer of valued resources between corporate units necessary for continued operation and are, therefore, valued. One class of exchanged resources is that of generalized symbolic media as valued resources by corporate units within and between institutional domains. Exchange of the same generalized symbolic media within institutional domains also brings the ideologies and norms built up from these media, increasing cultural homogeneity among corporate units, whereas exchange of different symbolic media from diverse domains increases the circulation of symbolic media, leading to the mixing of the ideologies and normative systems built up from these domains into meta-ideologies regulating transactions across domains and, eventually, legitimating the stratification system.  

- **B. Domination**  
The use of power by corporate units to regulate and control the actions of other corporate units, along four basic bases for consolidating power: coercive, administrative, symbolic (ideological), and (material) incentives. Domination can occur within domains with the emergence of core corporate units that constrain the operation of other corporate units and/or by the evolution of institutional domains revealing corporate units that can mobilize power to regulate the actions of corporate units in other domains.  

- **C. Embedding/Inclusion**  
The lodging of smaller corporate units within larger ones, both within and between institutional domains. Embedding increases structural interdependencies in the divisions of labor of sets of corporate units, in the authority and administrative control of actions in these units, while increasing the coherence of ideologies, meta-ideologies, and norms that regulate worldviews of incumbents and the actions of corporate units. |
The Old Institutionalism Meets the New Institutionalism

293

carry a culture similar to existing units within a domain. Thus, the same generalized media will facilitate and constrain discourse and theme-building in exchanges of actors within corporate units and between units in different domains, while also producing somewhat shared legitimating ideologies, institutional norms, and specific norm-regulating behaviors of incumbents in the division of labor of organizations.

The more segmented the corporate units in a domain are, the greater will be the power of symbolic media and ideologies to regulate the action of corporate units and individuals in these units, and the more this generalized symbolic medium will shape exchanges and discourse among actors in this domain. This proposition does not deny the possibility that other generalized media circulate within the domain but, rather, posits that segmentation generally limits or dampens the power of symbolic media from other domains. In a sense, its generalized symbolic medium becomes “hot” and more particularistic because it carries heavier moral and evaluative loadings codified into an ideology.
These generalizations are more likely to hold true if there are structural equivalences in the divisions of labor across corporate units within a domain. Indeed, a property of segmentation is the production of structural and cultural similarities among the nature of the division of labor in organization, their relations to each other, and the norms organizing these relations. The combination of common culture and structural equivalences in organizational forms is a powerful mode of integration. In the early growth of human societies, segmentation was the first response to selection pressures to organize larger populations (Turner and Maryanski 2008). Segmentation remains the dominant mode of integration in the kinship system where, in post-industrial systems, similar nuclear units are continually produced and reproduced, revealing a common culture, structurally equivalent relations with their own members and members of other kin units, and to a large extent, actors in other institutional domains. This means that incumbents in these units will be oriented to employ the same generalized symbolic medium with fellow kin members and will exchange love/loyalty (or more often, just loyalty) with actors in other institutional domains—for example, legitimation of the polity through political loyalty in exchange for polity’s allocation of familial authority to kin units. The same is true for other domains in complex societies: Segmentation persists as a key integrative mechanism. For example, corporate units like churches, universities, law firms, or sports teams within their respective domains are culturally and structurally equivalent, and thus, they are likely to have similar patterns of relations with other types of organizational units within a domain and with organizational units of other domains. Indeed, entrepreneurs creating new organizational units will often look to those units deemed “successful,” copying their structure under pressures DiMaggio and Powell (1983) term mimetic.

Ultimately, in domains where segmentation is primary over all other mechanisms of integration, the ideology of such domains becomes highly constraining on the actions of each individual within the division of labor and corporate units as a whole. Family members, worshipers, students and faculty, and scientists are likely to hold very similar worldviews, reveal commitments to the same ideologies, and conduct discourse using the same generalized symbolic medium. Adaptation to the environment by each segmented corporate unit involves actions that reinforce their common culture and patterns of structural equivalence, even when the environment contains differentiated organizational units of other domains. And when the environment includes organizations from other domains, the generalized symbolic medium of a domain will be exchanged for that of another domain, although the ideology of the domain will generally remain intact and resist “colonization” by the media of another domain.

**Structural Differentiation as a Mechanism of Integration**

As societies grow, segmentation increasingly becomes an inadequate mechanism for integrating relations among the units within and between institutional domains. The creation of new types of corporate units with distinctive goals, divisions of labor, and to some degree, cultures is often a response to problems of segmentation. All of the early functional theorists emphasized that differentiation
among corporate and categoric units is a response to problems of coordination and control that come with population growth and other selection pressures arising, for example, from confrontations with external enemies, resource scarcity, or environmental degradation. Under these pressures, entrepreneurs begin to experiment with new kinds of corporate units designed to manage selection pressures, although if such entrepreneurs do not emerge, then a population is likely to disintegrate. At a minimum, new kin, economic, and political corporate units begin to evolve, and to the extent that they prove adaptive, they are retained in a population’s structural and cultural repertoire. It is through this process that all institutional domains have evolved, initially from kinship and later from each other, into new types of relatively autonomous domains (Abrutyn 2009). At first, polity, religion, and economy differentiated from kinship; then, new institutions begin to evolve as, for example, when law evolves from polity and economy (and sometimes religion). At some point, second-order selection pressures are generated by the increasing complexity of society (Turner 2010), generating new kinds of economic, political, legal, and other types of corporate units within existing and newly emerging institutional domains. Thus, inherent in differentiation are the seeds for selection pressures for new mechanisms integrating new types of corporate units within and between domains. Still, like segmentation, differentiation always has some integrative effects on a society.

Differentiation of new kinds of corporate units allows members of a population to be organized through a division of labor to focus on specific types of selection pressures—whether those emanating from food production, reproduction, regulation and control, distribution of resources, formation of living spaces, and other contingencies of human existence in societies. At the same time, differentiation of new organizational units and the experimentation with new types of problem-solving units increases the adaptive capacity of a population by creating more variation—culturally and structurally—that can be subject to selection. Hence, differentiation and complexity represent a form of adaptive upgrading giving a population more options when responding to problematic conditions. And organizational theorists like Aldrich (1999) have documented these evolutionary arguments, although their analyses are restricted, like most New Institutionalists, to the economic domain and its relationship to polity and law. In contrast, we emphasize that such differentiating dynamics are occurring in all domains, except perhaps kinship, which is de-evolved back to segmented nuclear (group) units.

Nevertheless, as differentiation within and between institution domains proceeds, the problems associated with differentiation increase dramatically, perhaps even exponentially. And as these problems evolve, structural mechanisms for generating interdependencies evolve—again an old idea from the very first functionalists. Although these are always accompanied by culture, it can be hypothesized that the influence of structural mechanisms of integration increase over cultural mechanisms, with the result that the environment or field of any organizational unit will be disproportionately occupied by structural forms of interdependence. Still, the ideologies and meta-ideologies that emerge from those organizational units integrated as they develop structural interdependencies can also become quite powerful, and indeed, they can often inhibit the adoption of new modes of structural interdependence. For example, the ideology of capitalism in the United
States consistently makes it difficult to implement modes of integration revolving around regulation of markets by polity and law.

**Structural Interdependencies as Mechanisms of Integration**

In Table 2, types of socio-structural interdependencies are listed: (a) exchange, (b) domination, (c) inclusion and embedding, (d) mobility, (e) overlap, and (f) intersection of parameters (marking categoric membership). Depending upon which mechanisms are dominant, their combination and configuration within the field or environment of any organization will vary.

(a) *Exchange.* When corporate units form exchange relationships with each other, they become structurally interdependent because each provides the other valued and often necessary resources. This interdependence generally involves exchanges of the generalized symbolic medium of an institutional domain. For example, when kin units in horticultural societies engage in bridal exchanges across selected clans, there is a material exchange—the bride as a resource and perhaps a monetary-based dowry. There is also an exchange of the generalized symbolic medium of kinship—in particular *loyalty*, but perhaps *love* too. When two companies within a capitalist economy exchange, one provides a material resource or service in exchange for money, with the money being used to secure resources from other corporate units within this domain (e.g., raw materials) and often resources from units in other domains (such as workers and their *loyalty* from kinship, *authority* from polity, and so on). Therefore, more than just material resources are the basis for interdependencies: There is always an exchange of the symbolic medium within a domain by at least one of the partners in the exchange and usually both. Thus, the more a domain relies upon exchange as its basis for interdependencies and the more differentiated corporate units in this domain are, the more likely interdependence is to extend across diverse institutional domains, and the more likely exchange is to involve different symbolic media. And the more markets grow and differentiate to increase the circulation of money across all domains, the more exchange becomes a dominant mode of integration through structural interdependencies and, hence, a part of the institutional environment of corporate units in all domains, not just the economy. In capitalist societies, *money* becomes the dominant generalized symbolic medium of exchange, with the result that the meta-ideologies dominated by the ideology of the economy also become ever more a part of the environments of corporate units in all domains.

(b) *Domination.* Domination is the use of power by a corporate unit to regulate and control other social units. There are several bases of power (Mann 1986; Turner 2010): coercive, symbolic (ideological), administrative, and economic. All of these are consolidated by corporate units but to different degrees and in varying combinations and configurations. The form of domination will vary with *which combinations* of these bases are employed by corporate units. Within corporate units, hierarchies of authority, use of wages or other goods/services as material incentives, corporate culture (drawing symbolic power from institutional ideologies), and at times, physical coercion can all provide bases for integration. At the macro-institutional level of social organization, especially when the scale and level
of differentiation within and between institutional domains are high, the bases of power are most likely to be increasingly consolidated in an autonomous and differentiated polity, in a positivistic legal system, and often to some degree, in economy or religion as well. The institutional source(s) of domination, the configuration of the bases used by the core corporate units in this (these) domain(s), and the degree of power consolidated and mobilized all affect the environments of corporate units in any domain. Additionally, the degree of autonomy between domains, as well as the mechanisms of integration within and between these domains, constrains and, at the same time, often reflects the modes of domination by corporate actors in particular domains (Abrutyn 2009).

(c) Embedding/Inclusion. When smaller corporate units are embedded in larger, more inclusive units, the degree of structural interdependence among corporate units increases. Inclusion and embedding typically occur within an institutional domain, as is the case with economic units when they merge, with universities lodged inside a more inclusive state-wide system, with churches within religious dominations, or with health providers in health care networks. Structural inclusion is a strategy to reduce environmental uncertainty by establishing systems of authority and contracts within one larger corporate unit. In capitalist economies, for instance, mergers are a means for reducing competition and regularizing exchanges with key clients or suppliers; in many nation-states, embedding of virtually all education within a central ministry of education increases the authority of the state over education but also establishes standardized curricula and stable relationships among educational corporate units.

With inclusion comes not only structural control but also cultural control by (1) regularizing the generalized symbolic media in play and the exchanges using these media, (2) codifying these media into ideologies that become part of common corporate-unit culture, and (3) establishing norms across congeries of corporate units that organize the divisions of labor within each embedded corporate unit while regularizing relations among corporate units inside the more inclusive structure. The combination of cultural unification and administrative controls across corporate units significantly reduces uncertainty, but it can also create structural and cultural rigidities within wide sectors of institutional domains or even inter-institutional relations, thereby decreasing the adaptive capacity of the more inclusive unit and, if these units are sufficiently large, the society as a whole.

(d) Mobility. Movement of individuals across corporate units within and between institutional domains increases rates of interaction among individuals from diverse corporate-unit cultures and, often, from diverse categoric units as well. High rates of interaction among individuals, per se, tend to increase solidarity and reduce the effects of cultural differences and salience of categoric unit distinctions (Blau 1977; 1994; Blau, Blum, and Schwartz 1982). Mobility is often taken for granted because it is a common linkage between institutional domains in modern, highly differentiated societies. When mobility between types of corporate units is regularized, it reduces environmental uncertainty. For example, when educational credentials, especially those in clearly defined professions, are used as the graduated parameter for regularizing mobility, environmental uncertainty is reduced for both the educational corporate units and those corporate units that
employ graduates from these units. The educational unit has a more stable “market” for its graduates, while the employing unit is guaranteed a certain level of competence. Moreover, mobility regularizes exchanges of generalized symbolic media across institutional domains—say, learning and/or knowledge for money—while integrating the ideologies of the two domains into a partial meta-ideology. There is often a process of anticipatory socialization of students in educational corporate units into the culture of the corporate units in which they will eventually be employed—as is clearly the case with business or law schools in higher educational corporate units, as well as vocational schools.

The end result is a dramatic reduction in uncertainty in the environments of all corporate units that have established regularized patterns of mobility within and between corporate units. There is predictability in the qualifications of those moving between structural locations in different corporate units and especially so when this movement is across institutional domains; and with this movement, the culture of diverse institutional domains is integrated. For example, as noted above, for movement between educational corporate units and other types of corporate units, requiring learning (as the medium of education) is regularized, the ideologies of diverse domains are reconciled, and other elements of culture are sent to the educational domain and imparted to students who will then bring the culture of the educational domain to units in diverse domains employing its graduates. These same dynamics occur in other kinds of regularized mobility, as is the case when workers from families move in and out of corporate units in economy and other employing units in diverse domains, and when government employees move from positions in government to locations in the economic, educational, legal, and/or other differentiated domains.

(e) Boundary Overlaps. Because institutional domains are never fully closed systems, there are always interstices where overlapping institutional environments create unique dynamics between corporate units. A university campus, for example, brings together various corporate entities acting as liaisons between their institutional domain and the educational domain. Research institutes receive monies from outside sources; some administrators interact with agents of political, economic, kinship, and occasionally, religious domains, and various economic and political agents have offices on campus in efforts to engage and connect with students and faculty. In many cities, one will find the seat of local government resting beside the federal government’s offices, as well as the chamber of commerce, the primary courthouse, and a host of support actors such as bail bondsmen, law offices, restaurants, churches, and other businesses. The effects of these overlaps are much the same as we saw in that of inclusion and mobility: Where the overlaps occur, environmental uncertainty is further reduced and the exchange of generalized symbolic media is regularized, as is the movement of personnel across corporate units. Furthermore, various symbolic elements such as ideologies and norms can be much more easily integrated in these overlaps than in places where corporate units are segregated. In essence, overlaps compromise boundaries of various corporate units. Small towns, for instance, are characterized by blurry lines among polity, law, religion, and economy because nearly all of the key corporate units are physically near each other and, in fact, may share personnel
(thus reducing categoric membership while promoting a shared culture across institutional domains). To be sure, the opposite is possible as might be the case, for example, when an embedded legal department clashes with other departments in an aggressive, “profit-at-any-cost” economic organization (Sutton, Dobbin, Meyer, and Scott 1994).

(f) Intersections. In Blau’s (1977; 1994) conceptualization, parameters placing persons in socially constructed categories, or categoric units, are of two kinds: nominal, which denotes individuals as either in or out of a discrete category, and graduated, which denotes membership in categoric units by their members’ relative shares of a resource(s). As noted above, corporate units in institutional domains distribute valued institutional resources unequally. Eventually this unequal distribution creates the classes of the stratification system, which are often categorized as rich, poor, or middle-class (as well as class distinctions based upon graduated parameters defining relative amounts of such resources as power, influence, and other symbolic media). As classes form, status beliefs come to define individuals distinguishable by one or more nominal parameters—for example, ethnicity, age, and gender—as more or less worthy, which can lead to discrimination forcing them to lower-level positions in the hierarchical divisions of labor of corporate units within domains or even excluding them altogether from entire institutional domains. The result is that class-based inequalities are supplemented by those based upon other kinds of categoric memberships, typically defined by nominal parameters.

At stake is the degree to which an institutional environment or set of institutional environments is stable. When parameters marking categoric unit membership are correlated or “consolidate” with each other, the salience of all increases, as does inequality in a society; when categoric unit membership is correlated with class and, in turn, with locations in divisions of labor of corporate units, this consolidation only increases existing inequalities. As inequalities increase, tensions and conflict in a society escalate and make the environments of corporate units increasingly unstable. In contrast, when parameters defining categoric unit membership “intersect” across all types of corporate units—communities, organizations, and groups—and at all locations in the divisions of labor of these diverse types of corporate units, people from different categoric units will have high rates of interaction, with the consequence that the salience of their categoric unit memberships will decline, and status beliefs will lose much of their stigmatizing power. Under these conditions of intersection, integration increases because individuals are distributed across divisions of labor in corporate units of differentiated institutional domains, thereby reducing inequalities between members of categoric units and resource inequalities in a society. Intersection of parameters thus makes the environments of organizations more diverse but less volatile.

INTEGRATIVE MECHANISMS AND THE NEW INSTITUTIONALISM

These mechanisms of integration, especially those revolving around structural interdependence, can inform the New Institutionalism along a number of conceptual fronts. First, the Old Institutionalism conceptualizes some of the key dynamics
that lead to *divergence* in organizational forms, whereas the New Institutionalism emphasizes *convergence* in organizational forms (Kraatz and Zajac 1996). But this convergence is relatively recent in the history of societies, and there is something to be gained by looking at the longer-term shifts in configurations of integrative mechanisms. Furthermore, the New Institutionalism focuses primarily on economic organizations influenced by the polity and legal sphere, and vice versa (e.g., Nee 2005; Powell and DiMaggio 1991; Thomas, Meyer, Ramirez, and Boli 1987). That is, for New Institutionalists, the cultural environment of any corporate unit is heavily slanted toward the meta-ideology combining the ideologies of capitalism, political democracy, positivistic law, science, and education, whereas the structural formations and ideologies operating in other institutional domains are ignored.

The environments of organizational units in heretofore diverse societies begin to converge as the profile of the structural mechanisms integrating units shifts and as the meta-ideology governing the operation of these units is reconfigured with the growing dominance of capitalist economic formations. Coupled with the power of dominant nations to impose their organizational templates and cultures on dependent societies, there is a clear trend toward broad structural and cultural equivalences that can, to a degree, integrate the scale and reach of inter-institutional relations in inter-societal systems. Yet to the degree that these structural and cultural isomorphisms are imposed on local structural and traditional cultural bases of integration, they generate the same long-term disintegrative potential evident when core corporate units in polity, economy, or religion impose structural templates and meta-ideologies on corporate units in diverse domains within a society.

To be sure, these linkages are vital to understanding how the nation-state has become the legitimate political form over the last two centuries, but this line of emphasis obfuscates the very real divergences across cases as well as the consequences that these divergences have had on people’s lives, organizational forms, and societal interrelationships. For example, Indonesia’s statehood reflects the isomorphic forces of a Western meta-ideology, but at the same time, its religious domain has large effects on polity, law, and economy in ways that make the Indonesian state different from the U.S. or most Western societal formations. Thus, the greater the degree to which different institutional domains exchange, the greater the level of complexity and interdependency between institutional environments is, and as a result, the less useful the conceptual biases of the New Institutionalism will be.

It is clear, then, that the circulation of media of exchange and the meta-ideologies derived from the types of institutions that become dominant would be important to understanding how DiMaggio and Powell’s organizational fields work. In an economic domain governed by capitalism, the ideology of wealth accumulation as a positive good that makes polity, kinship, education, and science possible becomes a dominant tenant in the meta-ideology of society, with the ideologies built from *love/loyalty, power, learning, and knowledge* having to accommodate this dominant tenant. In contrast, with a more authoritarian polity, all other ideologies must accommodate the ideology of power emphasizing that a strong state is a positive good used for the benefit of actors in all other domains. Or if the
ideology of *sacredness/piety* from religion dominates the meta-ideology, then the ideologies built from other symbolic media must be accommodated to the belief that the world of supernatural forces and their human interpreters must be obeyed for the benefit of all in society. In essence, meta-ideologies simplify the cultural environment of any corporate unit engaged in inter-institutional exchanges, and to the extent that broad norms flow from these meta-ideologies, the simplified cultural environment generates some of the benefits of cultural equivalence that come with segmentation while, at the same time, providing regulatory (and somewhat moralized) codes for regularizing far-reaching, often inter-institutional interdependencies. Thus, the greater the degree of interdependence among institutional domains and the greater the degree to which cooler media circulate across interdependent domains, the greater the probability that structural isomorphic pressures and meta-ideologies will constrain the operation of any given organizational unit.

Secondly, the Old Institutionalism also throws into sharper relief the problems of uncertainty and instability. Even the most repressive state, for example, cannot stamp out *sacredness/piety* and religion (Froese 2009). The state can, however, bend the ideologies of education, science, law, and economy to the ideology of centralized restrictive power—even if this ideology of domination will eventually be challenged. Meta-ideologies simplify and often “corrupt” other ideologies built from the distinct generalized symbolic media of less dominant institutional domains, but these ideologies only mask over some of the inherent conflicts in the ideologies of different domains. When the dominant institutional domain imposes its ideology on actors in other domains, the cultural fissures that inevitably arise eventually begin to disrupt the basis of integration. Yet without the simplification and accommodation provided by meta-ideologies that integrate all institutional ideologies, symbolic media cannot circulate across corporate units in all institutional domains and, consequently, the environments of any corporate unit in any domain become too complex, thus creating potential for structural disintegration. Therefore, the greater the incompatibilities among the ideologies making up a meta-ideology and the more one ideology dominates without accommodating key tenets of other ideologies, the more unstable in the long run the structural and cultural environments of any organization will be and the more difficult it will become for any organization to navigate its immediate environment. With its bias toward modern capitalist formations in Western societies, New Institutionalism is not well prepared to address these kinds of complications in “field,” whereas the Old Institutionalism, with a more coherent theory of institutional dynamics, is better situated theoretically.

A third contribution from the Old Institutionalism to the New Institutionalism is the delineation of varying bases of power and how these constrain organizational dynamics. The New Institutionalism has given an inordinate amount of attention to political and legal regulatory pressures as the loci for power regulating corporate units in other institutional domains. Yet corporate units in other domains can, and often do, dominate and become regulatory forces in the environments of other corporate units. A nation-state, for instance, relying upon Islamic Law dominates in an entirely different way than the consolidation of the bases of power in a political democracy with a more autonomous legal institution. Given the variations in
the configurations of bases of power, we propose that the greater the degree to which domination relies on coercive mechanisms, the more unstable the institutional environment will become over the long-run and the more likely isomorphic pressures and meta-ideologies will come to constrain organizations. When domination is highly coercive, there is almost always a corresponding mobilization of the symbolic base of power around the ideology of the polity and the administrative apparatus for monitoring and enforcing conformity to directives from political leaders while material incentives are used much less. Thus, this pattern of domination can integrate corporate actors in diverse domains in the short term, but over time, the combination of coercive use of physical force, the imposition of meta-ideologies dominated by the ideology of the repressive state, and the use of administrative structures to monitor and sanction individual and corporate actors will eventually lead corporate units in all institutional domains to withdraw legitimacy.

New Institutionalism ignores such systems, unnecessarily constraining their models and theoretical principles. Hence, the greater the degree to which domination relies on material incentives and uses coercion in strategic ways, the more stable institutional environments will be, and the less likely isomorphic pressures and meta-ideologies are to constrain organizations. Where domination reserves coercion as a last resort and, instead, relies on (a) the commitments of actors to ideologies and meta-ideologies, (b) the use of administrative structures in a more facilitative than coercive way, (c) material incentives (e.g., subsidies and tax credits), and (d) the formation of meta-ideologies emphasizing free markets, domination by polity and law is less constraining but, in the long run, more effective in integrating corporate units in societies revealing high levels of institutional differentiation. This kind of environment is more complex and uncertain, but it is less restrictive and affords organizations more options in realizing their goals, in forming exchange relations with other corporate units within and between domains, and in adapting to a more complex environment composed of myriad integrative mechanisms. The result is reduced tensions among corporate units and centers of domination.

In addition, patterns of intersecting parameters have important effects on institutional stability. The more the environments of corporate units are free of the tensions and conflicts over inequalities arising from the consolidation of categoric unit memberships with resource shares, the more organizations can focus on the meta-ideologies legitimating diverse institutional domains than on those meta-ideologies legitimating the stratification system. In turn, more organizations will operate in more stable environments where generalized symbolic media of exchange, institutional ideologies, and normative systems derived from these ideologies regularize corporate unit-actions. And the more stable the immediate environments, the more pronounced the integrative effects are of other mechanisms of structural interdependencies—exchange, embedding/inclusion, and mobility. Furthermore, if enough corporate units in all institutional domains are able to stabilize their local environments through facilitating intersection of parameters within the divisions of labor, the general environment of all domains becomes more stable and less prone to conflicts arising from inequalities in the stratification system.
Fourth, organizational fields as conceptualized by DiMaggio and Powell seem to overemphasize horizontal relationships among organizations. Yet power is almost always imposed from without by polity and by other institutional domains such as the economy or religion. Organizational nesting occurs in which multiple corporate units are arranged into supra-organizational “fields,” which seek to coordinate and control the behavior of the congeries of organizations. The effects of embedding and inclusion on organizational dynamics, however, depend greatly upon the types of power used by corporate units with authority and on the types of media circulating across boundaries. For example, the American Sociological Association’s authority rests on symbolic power revolving around ideological commitments to the association’s ethics, norms, and definition of reality (and perhaps vague material incentives). The result of this weak base of symbolic power is highly diverse sociology departments across the nation as well as wide variations in what is considered sociological and how sociologists should be trained. In contrast, the American Bar Association has consolidated both symbolic power alongside some degree of coercive power (as franchised by the polity) convertible into incentive-based power (such that it can decertify an individual or an entire corporate unit—i.e., a law school). The result is a higher degree of isomorphic pressure, conformity among social units, and shared meta-ideology across institutional boundaries. Thus, depending upon which bases of power are consolidated in what combination, the kinds of environmental pressures on organizations will vary, which to our mind, the New Institutionalism is not well positioned theoretically to analyze.

Fifth, similar to the effects of nesting, high rates of mobility facilitate regularized exchanges between corporate units across institutional domains. The basic generalization to be derived from these conclusions is that the more differentiated corporate units are within and between institutional domains, the more uncertain the environment is of any given corporate unit. Under this condition, there are strong pressures to regularize mobility within and across domains. Corporate units do so by relying on labor markets and, within these markets, on credential requirements for those whom they employ. The more these credential requirements facilitate the movement of individuals from diverse categoric units into a wide range of locations in the divisions of labor of corporate units and the more these individuals carry with them the symbolic media and ideologies of another domain even as they carry distinctive cultures of their categoric units, the more stable and regularized the environments of the corporate units involved will become, and the greater the degree of structural and cultural integration will be among corporate units within and between institutional domains.

CONCLUSION

For at least these reasons, then, the New Institutionalisms should look at the Old Institutionalisms. Our goal in this article has been to bring the Old Institutionalism of functionalism—rather than the institutionalism of organizational theorists—back to the center of sociological analysis in general and organizational analysis in particular. Even as Friedland and Alford’s (1991) argument for a more societal-based analysis is cited continuously and favorably, their advice is not followed to
any great extent. Indeed, while Friedland and Alford’s argument is true in general, their illustrations suggest that even advocates for a more macro-level approach can fail to offer a robust conception of the macro-realm of social reality. It too becomes *ad hoc* lists of environmental elements. We have offered some tentative suggestions on the relationships between institutional and organizational levels of analysis that might prove useful to the New Institutionalism. The process of autonomy, the circulation of generalized media of exchange, the effects of stratification, and the varying modes of integration within a given institutional domain and between domains all have very important effects on organizations. Instead of looking out to environments from the perspective of an organization, the New Institutionalism will become truly institutional if it goes outside the organization and explores the dynamics of the macro-sphere of social reality.

We can bring this point home by offering an explicit and more precise definition of institutions than is typically found in the New Institutionalism:

An institutional domain is a set of corporate units that evolved to address selection pressures or problems of adaptation facing members of a population, and as this set of corporate units evolves, it develops a distinctive generalized symbolic medium used to form an intra-domain culture, a distinctive set of corporate-unit formations, and a distinctive configuration of mechanisms for integrating relations among its constituent corporate units and, at times, the relations of these units and their culture and symbolic media with units in other institutional domains.

It is never too late for a definition, and our point here is that even at this rather abstract level, much of the New Institutionalism fails to follow the conceptual leads in this definition, which can be considered an update of the Old Institutionalism. If the elements of this definition were incorporated as an interrelated whole (rather than as an *ad hoc* list of more elements of environments and fields), the New Institutionalism would have a much more robust theoretical footing for its main focus of analysis of the fields and environments of organizations in differentiated institutional domains.

**REFERENCES**


The Old Institutionalism Meets the New Institutionalism

305


