

Examining 'Institutionalization': A Critical Theoretic Perspective*

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INTRODUCTION

Various forms of critical theory have been suggested to illuminate social practices. Versions of such theories has been promoted for the analysis of management, organizations and work (e.g. Burrell, 1988; Burrell, 1994; Alvesson and Willmott, 2004) and this chapter considers how such analyses, with their emphasis on power, domination and emancipation, can be used to examine a central focus of institutional theory, namely institutionalization. Limitations and anomalies in institutional theory have stimulated its development from 'old', through 'new', to 'neo' variants of analysis¹ (DiMaggio and Powell, 1991). At each stage, institutional

theory has taken on board and accommodated critiques which, alternatively, have called for a rebalancing of the emphasis given to the conditioning constraints of 'structure' or the innovative capabilities of 'agency' (Reed, 1997). This chapter steps back from this process of critique and incorporation to provide a 'critical theoretic' illumination of institutional theory to facilitate reflection on its distinctiveness and limits.

We begin by noting how, in their different ways, varieties of institutional theory and critical theory share an attentiveness to institutionalization, conceived as processes that order and constrain but also enable forms of interaction and organization. In institutional theory, dominant 'logics' that are irreducible

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to rational choices or a to a series of environmental contingencies, are held to account for why, for example, within a population of organizations there is an homogeneity of form and practice. For critical theorists, processes of institutionalization account for how patterns of domination and oppression – for example, racism or sexism but also more subtle, normalized forms of subjugation such as bullying and pressurizing at work – become naturalized in workplaces and elsewhere yet, in principle, are open to transformation. What they share, nonetheless, is a rejection of analysis founded upon methodological individualism (e.g. rational choice theory)² that ignores how ‘choices’ are embedded in, and organized through, processes that are infused with *value*. So, for example, in principle, institutional theory problematizes analyses that do not appreciate how the very idea of ‘choice’, for example, articulates a particular, institutionalized way of making sense of the world. Critical analyses extend and radicalize this understanding as institutionalization is examined as a means of domination and oppression.

We conceive of the differences – of emphasis and bearing – between institutional and critical theories in terms of their contrasting *value-orientations*.³ Crucially, we reject any suggestion that institution theory is value-free whereas critical theory is value-laden or normative. Instead, both are normative, although in different ways. In broad terms, institutional theory is conservative insofar as it inclines to naturalize the status quo and shies away from (critical) theories that, in contrast, problematize the status quo as oppressive. A key difference is that the normativity of institutional theory is occluded by its pretensions to positivist objectivity whereas the normativity of critical theory is comparatively explicit.

A guiding thread running through the chapter is the (institutional) idea that critical theory and institutional theory are embedded in differing ‘general views of life and the Universe’ that articulate different projects which are inherently political in their

commitments and consequences. The differences are both theoretical and practical. As Lounsbury (2003: 16) notes, differences of orientation to ‘the problem of order as well as conflicting social imageries of the relationship between culture and power lead institutional and critical analysts of organizations to ask different kinds of questions’. This observation helps to account for why, in the voluminous literature of institutional theory, there are so few references to key critical thinkers, such as Marx, Habermas and Foucault.⁴ Advocates of institutional theory position and develop their work in relation to rational choice theory, contingency theory and resource dependency theory. Consideration of the possible relevance of critical theory concepts of ‘totality’, ‘contradiction’ and ‘praxis’ (Benson, 1977) is highly unusual (e.g. Seo and Creed, 2002). Tellingly, what is perhaps the most penetrating critique of institutional theory (Hasselbladh and Kallinikos, 2000) has been ignored in the plethora of institutional papers that have appeared since its publication.⁵

We will argue that institutional theory is embedded in a distinctive tradition of social scientific enquiry that is preoccupied with the possibility of developing more objective knowledge of what it conceives the social world to be (that is, a product of processes of institutionalization). A concern to enhance prediction – for example, by researching how strategic responses ‘are predictable largely in terms of the nature of institutional pressures’ (Oliver, 1991: 174) in order to secure improved control of the social world – provides a taken for granted, but rarely interrogated, impetus for institutional theory. Other possible traditions of social science – hermeneutic or critical (see Bernstein, 1976) – are rarely contemplated or debated. In contrast, critical theoretic analysis conceives of social scientific knowledge production in relation to its capacity to de-naturalize the present, and thereby to open up questions of whether the conditions and consequences of present circumstances are oppressive or emancipatory (and to whom).

From these introductory remarks, it can be appreciated that it is a challenging task to relate institutional theory to critical theory. Critical theory (and indeed institutional theory) covers a vast and expanding terrain of intellectual endeavour (see Appendix) and consideration of its connection(s) with institutional theory can be approached from numerous angles. A review might, for example, consider how key elements in institutional theory relate to, deviate from, or run in parallel to a more narrowly (e.g. confined to Critical Theory, Marxism, and so on), or to a more expansive (e.g. extending to poststructuralist theory) notion of critical theory. Alternatively, a review of their relationship might concentrate on those contributions to institutional theory that have selectively deployed elements of critical theory to refine or augment their analysis; and such a review could be extended to discuss how other elements of critical theory may be incorporated in the development of institutional theory. *If, however, the value-orientations of institutional theory and critical theory are believed to diverge significantly, as we have suggested, then it is an unrewarding challenge to imagine how either theory can be subsumed within the other without diluting or compromising their distinctive intent and associated contributions to knowledge.*⁶ Our favoured approach, therefore, develops an appreciation of, and respect for, their differences; and it explores how a variant of critical theory may be engaged to shed some new light upon the particularity and limits of institutional theory but *without the restrictive and subjugating requirement of having to limit an assessment or demonstration of its relevance and value as a source of remedies for problems preoccupying institutional theorists.*

Accordingly, in this chapter, in-depth attention is given to one key contribution to critical theory – the work of Michel Foucault. We mobilize his thinking to give some indication of what it could mean to think critically about the value-orientation and contribution of institutional theory; and,

more specifically, to reflect critically upon the role and relevance of notions of 'power' and 'agency' invoked by neo-institutionalists to address its alleged anomalies and limitations. We have two reasons for our selection of Michel Foucault. The first is that during the past decade and more his thinking has been exceptionally influential in social science as well as critical theory.⁷ The second is that his writings on power and subjectification are suggestive of an alternative understanding in which oppressive dimensions and effects are the focus of analysis.

Subjectification is conceived by Foucault as the 'different modes by which ... human beings are made into subjects' (Foucault, 1983: 208). Foucault's focus upon subjectification has an (unexplored) resonance with processes of institutionalization, not least because, as Hasselbladh and Kallinkos (2000: 701) put it, 'institutionalization is sustained and given meaning and direction through its capacity to constitute distinctive forms of actorhood'. A condition of institutionalization, in other words, is subjects' identification with the forms and practices that it reproduces. For example, in modern societies, the institution of actorhood – that is the attribution of agency to subjects – is predominantly constituted and institutionalized in ways that Weber (1978) has characterized as 'instrumental'. Actors' identifications with the institutions of work, family, religion, etc. become progressively less traditional, affective or value-rational. Crucially, this does not mean that we are any less habituated to, or any less institutionalized or subjectified as agents within *zweckrational* modes of action.⁸ Indeed, the commonsense appeal of rational choice explanations of action is, from an institutionalist perspective, indicative of the dominance of what, in a Foucauldian analysis, might be identified as a particular mode of subjectification. This mode is disciplined by a specific conception of competent agency that privileges and naturalizes the exercise of conscious, sovereign calculation to achieve desired ends with appropriate means (see also Friedland and

Alford, 1991). This chapter explores these issues in more detail.

The next section provides a discussion of how a particular understanding of institutions has become naturalized in institutional theory and introduces our focus on issues of power and agency. This is followed by a brief overview of critical theory before we attend directly to Foucault's contribution to conceptualizing power, knowledge, and subjectification. Applying Foucault's ideas, we then consider some recent efforts to revise institutional theory. A further section discusses a number of issues arising from our exploration of the relationship between institutional theory and critical theory before we draw together our main arguments.

INSTITUTIONAL THEORY AND INSTITUTIONALIZATION

Before ... institutionalisms themselves become institutionalized – reified as distinct 'theoretical strategies', codified in textbooks, and taken as given by practitioners – we had better take stock. (Jepperson, 1991: 143–144)

Jepperson cautions against a forgetfulness of the *particularity* of institutional theory – in the sense that it is a construction based upon specific, institutionalized assumptions. Within this particularity, there is considerable diversity and debate (DiMaggio and Powell, 1991) and recurrent attempts to reconcile internal differences (e.g. Hirsch and Lounsbury, 1997). Institutional theory's particularity has been frequently surveyed and typified (e.g. Scott; 1991; DiMaggio and Powell, 1991) but, for the most part, has not been critically addressed. In this section, we examine this particularity through a series of reflections upon institutional theory's 'take' on institutionalization. We consider the contributions of a number of leading proponents of institutional theory and pay particular attention to Berger and Luckmann's discussion of institutionalization as this has provided a key source of inspiration and

legitimation for institutional theorists. Our specific focus is on questions of how 'agency' and 'power' are addressed and incorporated within institutional theory.

Conceptualizing institutionalization

In his landmark text on institutional theory, Scott (1995/2001) identifies Parsons' definition of institutionalization as a synthesis of the arguments of earlier major theorists (e.g. Veblen, Commons, Durkheim, Weber): 'A system of action is said to be *institutionalized* to the extent that actors in an ongoing relation oriented their action to a common set of normative standards and value patterns' (Scott, 1995/2001: 15, emphasis in original). For Parsons, compliance to institutional norms 'is a need disposition in the actor's personality structure' (1951: 37, cited by Scott, 1995/2001: 12), where compliance is motivated by the moral authority that institutional norms exert over the individual. Actors feel compelled to comply because refusal or failure to do so results in feelings of anomie and, at the extreme, mortification.

Critics of this (functionalist) conception of institutionalization have argued persuasively that it attributes 'needs' to actors which are seemingly either unconditioned by processes of institutionalization or unequivocally well disposed to them. A widely canvassed remedy for this limitation is to emphasize the role of interests, instrumental action and/or rational choice (Alexander, 1983; Silverman, 1970). In this remedy we encounter an example of a flip-flopping between (functional) structuralist and action-theoretic accounts of social action. The dynamic of the flip-flop depends upon each pole being simultaneously recognized and denied as one or other side of the dualisms privileged, and subsequently found to be unbalanced by advocates of the alternative pole. So, for example, Parsons' systems-theoretic conceptualization of institutionalization is censured for assuming a model of human action in which compliance with moral authority is governed by the

'need' to internalize its order(s) rather than, say, a calculation by agents that involves the *strategic* development of, or identification with, particular norms and values.

It is notable that mention of agency is largely excluded from Meyer and Rowan's (1977/1991) classic paper where their rejection of methodological individualism is clearly signalled in the definition of institutionalization:

Institutionalized rules are classifications built into society as reciprocated typifications or interpretations (Berger and Luckmann, 1966: 54). Such rules may be simply taken for granted or maybe supported by public opinion or the force of law ... Institutionalization involves the process by which social processes, obligations, or actualities come to take on rule-like status in social thought and action. (Meyer and Rowan, 1977/1991: 42)

Writing from the structuralist pole of the dualism (see above), Meyer and Rowan omit reference to actors' orientations and also exclude consideration of power in respect of the conditions of institutionalization as well as its consequences, possibly because they *equate* the conceptualization of power with a notion of one individual or group possessing the power to secure their interests despite the resistance of others.

The development of neo-institutional theory has involved a rehabilitation of a notion of agency (and power and interests) so as to account for processes of change that, in part at least, are attributed to the interventions of powerful agents (e.g. institutional entrepreneurs and social movements, see especially DiMaggio, 1988). In order to further develop and deepen our reflections on institutionalization, we turn to Berger and Luckmann's *The Social Construction of Reality* which has provided the theoretical underpinning and legitimacy for much institutional theory (Gulrajani and Lok, 2005).

Institutionalization in 'The social construction of reality'

We begin by considering Scott's reading of Berger and Luckmann's three moments in

the process of institutionalization, paying particular attention to how 'agency' and 'power' are formulated in their thinking:

Externalization – the production, in social interaction, of symbolic structures whose meaning comes to be shared by participants [in particular social worlds, e.g. the world of institutional theory]; Objectification – the process by which this production 'comes to confront him as a *facticity outside of himself*' as something '*out there*', as a reality experienced in common with others [e.g. the 'institutionalisms' to which Jepperson (1991: 144) refers]. And only then comes Internalization – the process by which the objectivated world is 'retrojected into consciousness in the course of socialization. (Scott, 1995/2001: 40, emphases omitted and added, citing Berger and Luckmann, 1966: 60–61)

The emphasis on 'facticity', 'out there', 'outside of himself' serves to counteract Parsons' functionalist accent on the moment of internalization. On the other hand, Berger and Luckmann account for institutionalization in terms of 'the important psychological gain' (echoes of Parsons) that institutionalization delivers as it narrows choices and 'thereby opens up a foreground for deliberation and innovation' (1966: 71). There is little or no consideration of how, for example, the very sense of agency emerges through processes of institutionalization; or how, in Foucault's terms, human beings become subjectified as they/we are made into subjects through participation in such processes. Relatedly, there is no appreciation of the ambivalence of the 'gain' secured by habituation (see Willmott, 1986). As a consequence, when considering the 'controlling character' (Berger and Luckmann, 1966: 72) of institutionalization, Berger and Luckmann understand it as something that is 'inherent', and not mediated by relations of power.

In conceiving of institutionalization as occurring 'whenever there is a reciprocal typification of habitualized actions by types of actors' (1966: 72), Berger and Luckmann assume an unforced reciprocity in processes of habituation which is based upon the 'psychological gain' enjoyed by all parties: 'the most important gain is that each will be able to predict the other's actions' (1966: 74).

Institutionalization is thus represented as *universal* and *politically neutral*. It is conceived as universal in the sense that it has no historical specificity: all forms of institutionalization are deemed to be equivalent. And it is politically neutral, if not amorally conservative, in the sense that the (political) conditions and consequences of institutionalization are excluded from its characterization. As Berger (1988: 223) has commented, those who read radicalism into his constructionism laboured under a 'profound misunderstanding'. Berger and Luckmann's understanding of social constructionism can be applied as readily to slave plantations, for example, as it can to movements for the abolition of slavery without, in either case, making reference to the oppressive or emancipatory character of such institutions. There is barely a gesture⁹ towards the possible involvement of more or less powerful actors in establishing and imposing typifications that, over time, become habitualized and reciprocated or, at least, complied with. Nor, building on critical theorizing, is there acknowledgment of the powerful, normalizing effects that all forms of institutionalization – whether imposed or embraced – exert.

The reliance upon Berger and Luckmann for theoretical inspiration and legitimation combined with, at best, a loose coupling of power and processes of institutionalization in their thinking, helps to account for why 'power', let alone domination or oppression, is so weakly theorized in new institutional theory (see Perrow, 1985) and appears as an 'add-on' in neo-institutional analysis. As DiMaggio (1988: 3) comments, in something of an understatement, the presence and significance of agency and power in institutional theory is 'somewhat obscure'. They are obscured as a consequence of new institutional theory's consensualist, conservative assumptions that are endorsed, if not inspired, by Berger and Luckmann's conceptualization of institutionalization. Consensualist analysis encounters a problem when it comes to accounting for change, at which point neo-institutional theorists

have endeavoured to rehabilitate agency (and power) to counteract the determining force attributed to institutional pressures by new institutionalists. Doubting that change can be adequately explained by functionalist fine-tuning or endogenous shocks, neo-institutionalists have flip-flopped in the direction of other catalysts – such as (powerful) institutional entrepreneurs or members of a social movement – as agents of change.

Agency and institutionalization

Inspired by DiMaggio's (1988) critique of new institutional theory, neo-institutionalist analysis is propelled by a taken-for-granted, and thus unexamined, assumption that 'agency' must play some (important) part in processes of de/institutionalization and, more specifically, is a source of diversity or creativity that is productive of innovation and change. A recurrent shortcoming of such appeals to agency concerns their tendency to overlook how 'agency' does not exist externally to, but is itself a powerful product of, processes of institutionalization. This is evident when 'agency' (and 'interests' and 'power') are invoked by neo-institutionalists to account for processes of institutionalization and de-institutionalization without sufficient attention being paid to the frameworks that render their reality plausible and/or support their adoption as explanatory variables.

Even if, as DiMaggio contends, 'interest and group conflict' is important for explaining 'the processes by which institutions emerge, are reproduced, and erode', it should not be conceived as external to institutionalization. Unless a basic premise of institutional theory is to be abandoned or at least severely compromised, then 'interests' must be conceived as identified, whether by agents or their observers, through processes that are institutionalized. The very claim that 'behaviour is driven by, and understandable in terms of, the interests of human actors', for example, is not self-evident but, rather, an articulation of a particular institution that

asserts and legitimizes the credibility of such claims. To put it another way, the claim is an articulation of (hegemonic) power that operates to define the world in a distinctive way (Friedland and Alford, 1991),¹⁰ to naturalize and legitimate that which is institutionalized.

CRITICAL THEORY AND NATURALIZATION OF THE PRESENT

Calling a theory 'critical' is, of course, a provocation as it implies that other theories are 'uncritical'. Yet all theory develops in relation to some other theory against which, more or less overtly, it defines itself and takes critical issue. We noted earlier how variants of institutional theory have established their claims by being critical of forms of un-institutional (e.g. rational choice and contingency) theory. To draw an authoritative or *stable* distinction between theories that are 'critical' and others that are 'uncritical' is untenable, not least because the sense and significance of their meanings shifts over time (the Appendix examines this issue in relation to critical theory; the other contributions to this volume speak to the variety of meanings of institutional theory).

The signifier 'critical theory' is not restricted here to the Critical Theory of the Frankfurt School such as Adorno, Marcuse, and Habermas (Held, 1980) but, rather, is invoked to signal forms of thinking that provide a *radical* challenge to, as contrasted with, an incremental refinement of, established conventions of thought and practice, with respect to their anticipated emancipatory impetus or potential. Thus, a chief target of critical theory is patterns of activity which, in different ways, *naturalize the present* – from Marx's critique of political economy to Derridean deconstructionism. What critical theories share is a (value-based) concern to develop thinking with a practical intent that may be broadly characterized as 'aimed at decreasing domination and increasing freedom' (Stanford Encyclopaedia

<[http:// plato,stanford.edu/entries/critical-theory>](http://plato.stanford.edu/entries/critical-theory/)).¹¹ The de-naturalizing intent of critical theories is generally motivated by a value-oriented conviction that the principal import of knowledge resides in problematizing conventional wisdoms and de-legitimizing established institutions so as to foster and facilitate emancipatory change (e.g. the contribution of feminist knowledge to identifying and challenging patriarchal practices).

Consider, for example, how reference is routinely or implicitly made to the 'real world' without any acknowledgement of how the 'reality' of this world is apprehended or, better, constituted, from a particular, historically and culturally located, point of view. In business textbooks and journal articles as well as in the classroom, the 'real world' which is evoked is frequently, and more or less explicitly, the one presumed by a point of view attributed to senior management – a view that tends to take for granted the necessity of the status quo, the legitimacy of executives and academics privileged place within it and the heroism of all engaged in reproducing the system. This ignores a critical understanding of the present world as divisive and destructive, where the relentless expansion of capitalism is made possible, in part, by its routine legitimation in social science and business school education¹² (in which institutional theory plays its part).

And yet, some residual, albeit barely acknowledged, awareness of the selectivity, limitations and self-serving rationalization involved in bodies of knowledge, such as those constructed in business schools, is to be expected. Those engaged in reproducing and consuming bodies of knowledge that naturalize the present 'rarely experience their oppressive character', yet they 'can feel that burdensome weight if they dare step outside the presuppositions of understanding and the sanctioned forms of inference and presentation of "evidence"' (Barnett, 1997: 17). Taking this 'step outside' is the invitation extended by our exploration of institutional theory from

an alternative, critical theoretic standpoint. Our intent is to develop a picture of institutional theory less as an appealing and prosperous research programme, and more as an exemplar of Kuhnian 'normal science' that has contentedly settled down in the suburbia of social theory (cf. Pollner, 1991). In Kuhnian terms, we identify institutional theory as a 'puzzle-solving' activity within a given (i.e., institutionalized) framework where any appetite for interrogating the underlying tenets of the framework tends to be marginalized or suppressed (Kuhn, 1970: especially p. 35). It is precisely this appetite that critical thinking stimulates and feeds as it problematizes what it understands to have become naturalized, excluded or glossed. As we indicated earlier, our attentiveness to critical thinking is highly selective, being restricted to a Foucauldian reading and critique of institutional theory. Accordingly, we elaborate our understanding of Foucault's critical thinking in the following section before applying it to examine a number of key contributions to institutional theory.

FOUCAULT, POWER/KNOWLEDGE AND CRITICAL THEORY

My role – and that is too emphatic a word – is to show people that they are much freer than they feel, that people accept as truth, as evidence, some themes which have been built up at a certain moment during history, and that this so-called evidence can be criticized and destroyed. To change something in the minds of people – that's the role of an intellectual. (Foucault, 1988: 10)

The directness of this quote suggests that many critics of Foucault – who assert that his approach is totalizing in its denial of subjectivity or that he is relativist or nihilist – are difficult to sustain. This is not to deny that his writings are multifaceted and susceptible to diverse readings.¹³ Amongst the themes that recur in his writings are those on the nature of rationality, the relationship between truth and power and an examination of the dark

side of modernity. We focus largely on his writing on power and subjectification, an emphasis that Foucault (1983) himself retrospectively identifies as central. In contrast to institutional theory, which points (ironically) to the mythical quality of rationality without subjecting it to critique, 'Foucault questions the rationality of post-Enlightenment society by focusing on the ways in which many of the enlightened practices of modernity progressively delimit rather than increase the freedom of individuals and, thereby, perpetuate social relations of inequality and oppression' (McNay, 1994: 2). McNay's observation on Foucault's scepticism about 'post-Enlightenment society' and his attentiveness to the 'freedom of individuals' as well as 'relations of inequality and oppression' is indicative of a difference between his position and that of many other critical theorists (e.g. Frankfurt School); it also signals what distinguishes his thinking on the significance of institutionalization. We consider each of these in turn.

Many advocates of critical analysis (as well as positivists) assume the possibility of establishing *foundational* knowledge, either by applying scientific methodology (e.g. Bhaskar) or through counterfactual argumentation (e.g. Habermas).¹⁴ And, of course, this gets Foucauldians into trouble, as well as others who lean in a non-foundationalist¹⁵ direction, such as liberals like Rorty, with those wedded to some particularism which they privilege as universalism – whether this is spiritual or secular, or whether it is leftist or rightist, in inspiration. Non-foundationalists regard the kinds of truth claims asserted by foundationalists not only as elusive but, when taken seriously, as potentially very dangerous. Notably, they are seen to harbour a misplaced assuredness about truths which, at best, prop up the repressive/cynical tolerance of liberal pluralism and, at worst, engender dogmatism and court the dangers of totalitarianism. The rejoinder to the assessment that, lacking any normative basis for critique, non-foundationalism harbours relativism and nihilism is that, ultimately, the

authority of foundationalist critique relies upon self-referentiality with regard to (particular) assumptions and assertions about its authority that can be supported only by reference to the very assumptions upon which it relies. Acknowledging the limitations and hazards of all forms of thinking, critical thinking included, is, despite the lack of certainty, considered by anti-foundationalists to be more defensible and/or to be of greater social value than to claim or assume that there is some independent or non-self-referential basis for producing knowledge.

Non-foundationalism is a stance that takes us away from the quest for transcendental or normative criteria that aspire to provide the definitive identification of what, for example, is (essentially) oppressive or emancipatory. Turning away from this alluring but treacherous fantasy, we are obliged to face up to our reliance upon whatever 'standards of rationality and justice are available to us within the specific contexts in which we find ourselves' (Sawicki, 1994: 352). Such standards are not regarded as hopelessly flawed or useless in relation to some higher ideal. Rather, their (limited) value and their (inherent) 'dangerousness' is recognized (Foucault, 1984: 343). As Dreyfus and Rabinow (1986: 118) assess Foucault's stance, it 'has never been to denounce power *per se* nor to propound truth but to use his analysis to shed light on the specific dangers that each specific type of power/knowledge produces'. What, for Foucault is uniquely dangerous about modernity is that 'everything becomes a target for normalization' (Hiley, 1988: 103). Such normalization, we argue, includes the study of institutionalization.

Turning now to the question of Foucault's distinctive position on the nature and significance of rationality and institutionalization, we first note that, for institutional theorists, human action is infused by value in the form of 'social entanglements and commitments' (Selznick, 1992: 232), the implication being that rationality is a myth, at least to the extent that this infusion is unacknowledged (e.g. in rational choice theory). The (institutionalized)

idea of rationality is identified as a normative imperative with which modern organizations and their members conform to 'increase their legitimacy and survival prospects' (Meyer and Rowan, 1977/1991: 41). However, in institutional theory, this problematizing of rationality is not connected to (ethical) issues (e.g. of freedom). Rather, the study of rationality is linked to questions of the (scientific) adequacy of forms of explanation. In Meyer and Rowan's case, their analysis concludes with three testable hypotheses. Likewise, DiMaggio and Powell (1983: 154) assess 'the ultimate value' of their work in terms of its 'predictive utility' and present a series of hypotheses for empirical testing. In each case, the theory-laden nature of empirical findings collection/construction is unacknowledged. A perspective that is latently normative (the value of predictive science) is presented as descriptive or positive.

In Foucault's study of rationality, the focus is on its ethical significance, not its status as a variable in the development of an empirical-analytic science of prediction and control. His focus is on what, loosely, may be termed the institutionalization and reproduction of 'inequality and oppression' (McNay, 1994: 2) that takes the form of routine and ambivalent subjectification as well as more overt and unequivocal subjection. There is no (scientific) assumption or pretence that some objective measure of 'inequality and oppression' can be devised and applied. Instead, all truth claims, including those of institutional theory, are understood to be embedded in, and subject to, evaluation by relations of power-knowledge; and it is within the specificity of these relations that their meaning and significance is fashioned. Taking this stance, it would be inconsistent to discredit as bogus or incorrect forms of power-knowledge that ascribe truth to the findings of an empirical-analytical conception of science preoccupied with hypothesis testing. Instead, Foucault's approach commends critical reflection upon the *particular* (institutionalized) basis upon which seemingly authoritative, universal claims are

founded; and it advocates close attentiveness to the (political) effects of believing such knowledge to be true.

Power: juridical and disciplinary

A significant area in which Foucault has opened up epistemological space is in the study of power where he challenges the naturalization of a view of power that conceives of it as possessed by unitary, 'sovereign' political (individual or collective) agents (Foucault, 1977, 1979a, 1979b, 1980). So doing, Foucault does not deny, or seek to invalidate, the force of what he characterizes as the '*juridical*' conception of power (see Foucault, 1979a: especially p. 7 and 1994: especially p. 42 *et seq*). After all, he makes no assumption that power has an essence which conventional wisdom fails to mirror; instead, he problematizes its exclusivity by posing an alternative to the established, juridical view.¹⁶ That is, additionally, he invites us to conceive of power as productive of extensive, subjectifying processes of normalization – which he associates with the development of modern organizations and which he also understands to be 'embodied in the background of everyday practices' (Dreyfus, 2004). Foucault's interest is not primarily directed at the expression of power in its most central and institutionalized forms such as state apparatuses or class relations. Rather, he is concerned to examine how power relations of inequality and oppression are created and maintained in more subtle and diffuse ways through ostensibly humane and freely adopted social practices. These subtle practices can be deeply institutionalized and taken for granted. In modern organizations, such as factories, offices and state agencies, a juridical form of power exercised from above is seen to depend upon, promote and even be displaced by a '*disciplinary*' form of power that objectifies and institutionalizes social reality through processes of normalization and subjectification. It is this shift in the conceptualization and analysis of

power that underpins the assessment that 'Perhaps no writer of the last half century has done more to illuminate the nature of power than Michel Foucault' (Wolin, 1988: 179).

For Foucault, there are two related kinds of *normalizing power*: 'disciplinary power' and 'bio-power'. 'Bio-power' is at work in the subjugation of human bodies; and the control of populations by making clear what is 'normal' and what is not. Normalizing effects are articulated through discursive formations such as psychiatry, medicine, management and social work. 'Disciplinary power' renders specific individuals or groups of people orderly and regimented through the development and use of technologies of assessment and surveillance – technologies that became widely disseminated through organizations and institutions. *Disciplinary power* is conceived to operate 'through a multiplicity of organisms, forces, energies, materials, desires, thoughts, etc.' (Foucault, 1994: 35). Such power, Foucault contends, 'must be analysed as something which circulates ... It is never localized here or there, never in anybody's hands, never appropriated as a commodity or piece of wealth. Power is employed and exercised through a netlike organization' (Foucault, 1994: 36). Moreover, disciplinary power is not exclusively negative or zero-sum; it is productive, not just repressive; it is diffuse and relational. It is also subjectifying, inasmuch that it constitutes subjects as individuals:

power produces; it produces reality; it produces *domains of objects* and rituals of truth. The individual and the knowledge that may be gained of him belong to this production. (Foucault, 1984: 204–5, emphasis added).

Amongst these 'domains of objects' is the sense of agency attributed to, and demonstrated by, subjects. This could imply that Foucault's concept of subjectification is equivalent to the more established, sociological idea of socialization. But this is to jump to an unsupportable conclusion, as Dreyfus (2004) observes,

Socialization into norms is the universal way the understanding of being or power governs the actions of the members of any society. however, norms are progressively brought to bear on 'all aspects of life'... normalization works directly through new sorts of invisible, continuous practices of control Foucault calls micro-practices ... disciplinary power works meticulously by ordering every detail. So, while for Foucault all forms of power are bottom up and the understanding of power as monarchical misses this important fact, nonetheless bio-power is bottom-up in a new and dangerously totalizing way, so that understanding power on the model of the power of the ruler covers up an important change in how our practices are working.

Crucially, knowledge and power do not exist independently of each other:

there is no power relation without the correlative constitution of a field of knowledge, nor any knowledge that does not presuppose or constitute at the same time power relations ... it is not the activity of the subject of knowledge that produces a corpus of knowledge, useful or resistant to power, but power/knowledge, the processes and struggles that traverse it and of which it is made up, that determines the forms and possible domains of knowledge. (Foucault, 1977: 27–28)

Foucault draws us towards analysis that strives to appreciate the terms, and more especially, the *effects*, of particular discourses with regard to how they articulate and sustain a 'regime of truth' such that a particular 'object of discourse', or social objectivity, is successfully institutionalized. Foucault's attentiveness to power/knowledge explores how it is productive of subjects who are normalized through the operation of 'micro-practices' that regulate numerous aspects of their/our everyday lives. Technologies of power (that include management practices such as accounting and information systems) not only aspire to identify, monitor and control numerous aspects of life, but, crucially, provide a seductive regime of truth for governing subjects who come to comply with its disciplinary logic.

Yet, for Foucault, the effect of power's operation is by no means totalizing as it operates upon recalcitrant material (humans) – as, for example, when the 'objects' of disciplinary technologies respond by 'gaming the

system' or simply refusing to act in a responsive, disciplined manner. As Foucault (1978: 95) puts it, 'where there is power, there is resistance'. Exercises of power are therefore endemically vulnerable to both overt and covert resistance that challenges, and may ultimately displace, its 'truth'. The effects of juridical as well as disciplinary power are indeterminate as they are contingent upon its dispersed targets – the 'individual or collective subjects who are faced with a field of possibilities in which several ways of behaving, several reactions and diverse compartments may be realized' (Ezzamel, 1994: 221).

We have noted how both 'old' and 'neo' versions of institutional theory incorporate elements of a juridical, top-down conception of power as they invoke notions of agency and interests to account for processes of de/institutionalization. There is, however, no equivalent to 'disciplinary power' in institutional theory. This is not entirely surprising as a focus upon subjectification is far removed from the normal science value-orientation of institutional theory which focuses upon 'enduring elements of social life', such as 'logics' (Lawrence and Suddaby, 2006: 215) rather than the particularity of their subjectifying effects¹⁷ (but see Lok, 2007 and Khan, Munir and Willmott, 2007 for examples of how Foucauldian thinking may be introduced into the examination of processes, e.g. institutional entrepreneurship typically studied by institutional theorists).

Power and subjectification

To recap, what institutional theorists characterize as 'institutionalization' can alternatively be understood from a more critical, Foucauldian standpoint as 'normalization', where human beings become bound to the identities to which they/we are subjected. Foucault is distinctly attentive to the disciplinary processes through which subjects are constituted as an effect of participation in social institutions, as contrasted to the

(juridical) establishment and enactments of sovereignty by one group over another. Notably, when discussing how the human sciences have developed alongside power/knowledge technologies invested in disciplinary institutions (the prison, the factory, the school, etc.), Foucault (1979b: 305) links power with the subject, and draws attention to specific forms (modalities) of power:

a certain policy of the body, a certain way of rendering the group of men docile and useful. This policy required the involvement of definite relations of knowledge in relations of power; it called for a technique of overlapping subjection and objectification; it brought with it new procedures of individualization. ... Knowable man (soul, individuality, consciousness, conduct, whatever it is called) is the object-effect of this analytic investment, of this domination-observation.

In everyday activities and routines, normalizing power constitutes subjects as agents to whom sovereignty is attributed as a 'natural entity', and to which interests are also ascribed. Such discourse produces a sense of self as a centred, autonomous decision-maker as well as self-affirming beliefs about the location of power – either as a possession of subjects (agency) or as an enabling/disabling constraint on agency (structure). In his later works, Foucault turned his attention more directly to strategies of resistance and the production of alternative discourses whose aim is to challenge dominant discourses of power, including technologies of self (Foucault, 1988), at a particular juncture in time and space (see also McWhorter, 1999). Power is conceptualized as a network of relations, rather than as juridical or sovereign. The effects of its operation are conceived as ambivalent and unpredictable but also potentially 'dangerous' as they are appealing, yet can have unintended, malignant as well as beneficial consequences. These effects include the ambivalent capacities of agency in which subjects become absorbed: 'all subjectifying power endows subjects with some capacities required to be agents, even when it is oppressive'

(Simons, 1995: 82). For Foucault, institutions are not benign; nor are they mere objects of analysis; they are mobile complexes of juridical and disciplinary power. Disciplinary mechanisms have power effects as they sort, rank, homogenize, differentiate, individualize, and produce the rules that are at once both inclusive and exclusive of populations of individuals. Foucault is attentive to the productive and insidious effects of power, and to the resistance that discloses the limits of power.

To recap key elements of our argument, we have identified institutional theory's conceptualization of institutionalization as preoccupied with explanation rather than emancipation, and as methodologically collectivist and tendentially consensualist with a tendency to revert to methodological individualism, where change is attributed to wilful agency that is in possession of some kind of power. A key difference between Foucault's approach to the study of power and that of institutional theorists is the central concern to highlight the operation of unacknowledged processes of domination and oppression in the guise of normalization and subjectification. In Foucauldian analysis, power, conceived as disciplinary as well as juridical, is not treated as a 'bolt on'; and agency/structure dualism is problematized by understanding it as a naturalized product of a particular power/knowledge complex that frames so much 'normal' social scientific discourse.

With a few exceptions (e.g. Knights, 1992; Townley, 1993; Ezzamel and Willmott, 1998), the important Foucauldian insights discussed above have hardly received any attention in the mainstream organization literature. By way of illustrating the contribution that Foucault's work can offer to organization studies we briefly discuss the work of Knights and Townley, and refer to less well-known, critical literature.

Knights (1992: 515) draws on Foucault's work to disrupt 'knowledges that are built on representations deeming to reflect reality'. Examining the study of strategy from a Foucauldian standpoint, Knights notes how positivistic studies of strategy objectify

businesses and their practices, whilst being 'oblivious to how their representations actually constitute the subjectivity of management, as practitioners draw upon these studies in their exercise of power' (Knights, 1992: 523) such that particular features of strategic discourse could be self-fulfilling in their effects. Knights (1992: 529) emphasizes the constitutive power of discourse by arguing that 'strategic discourse and practice represent a set of power-knowledge relations that constitutes the subjectivity of managers and employees'.

Townley (1993) draws on Foucault to present human resource management (HRM) as 'the *construction and production of knowledge*', and as a way of 'rendering organizations and their participants calculable arenas, offering, through a variety of technologies, the means by which activities and individuals become knowable and governable' (1993: 526, original emphasis). She shows how the disciplinary technologies of HRM govern populations of employees, in particular the distribution of individuals into work space, their spatial enclosure, their partitioning from each other, their ordering into hierarchical positions, as well as the use of temporal (timetable) examination, and confessional technologies to construct the subjectivity of employees and to render them calculable, analyzable and governable. Townley (1995) extends this analysis to examine the disciplinary effects of technologies of accounting and performance measurement. Her work has been developed by Covaleski, Dirsmith, Heian and Samuel (1998) in their Foucauldian examination of HRM practices in accounting firms, by Ezzamel and Willmott (1998) in their examination of teamwork in manufacturing, and by Grey (1994) in his analysis of the disciplinary effects of conceiving one's work as a 'career'.

There has also been considerable research using Foucauldian concerns about the disciplinary power of management practices such as accounting. Notably, Miller and O'Leary (1987) conduct an historical analysis to show how scientific management and standard

costing produced 'governable persons'. Hoskin and Macve (1988) and Carmona et al. (2002) similarly use historical methods to show how the inter-connection between power and knowledge produced modern conceptions of management. Field research as diverse as Knights and Collinson (1987), Preston, Cooper and Coombs (1992) and Ezzamel, Lilley and Willmott (2004) illustrate the insights derived by examining disciplinary processes of subjectification and the construction of specific conceptions of organization and management. Finally, the empirical studies of Haigh (2006), Preston, Cooper, Scarbrough and Chilton (1995) and Kosmala MacLulich (2003) indicate how the analysis of normalization can be applied to investment, ethical and audit practices.

Space limitations do not permit us to engage with these illustrations in more detail, nor to comment on the extent to which we endorse their readings of Foucault. Rather, their work is cited here as examples of how Foucault's work can be usefully extended to areas of organization studies as an *alternative way of seeing*, rather than as a replacement or corrective, to other research approaches. In the following section, we examine in some detail some of the recent attempts made in the organizational literature to refine institutional theory and comment on the extent to which such attempts are commensurate with our reading of Foucault's work.

THE LIMITS OF REFINING INSTITUTIONAL THEORY

We now apply our reflections on institutional theory, critical thinking and Foucauldian analysis – to consider the interventions by advocates of institutional theory who have pointed to, and proposed ways of overcoming, its limitations. Initially, we elaborate and support our claim that neo-institutionalist analysis relies upon deinstitutionalized conceptions of agency and related, juridical

understanding of power. We then examine some examples of how critical thinking, including Foucauldian ideas, has been introduced into institutional analysis.

Incorporating agency, interest and power? DiMaggio, Oliver, Meyer and Jepperson

Amongst the more influential reformers of institutional theory are DiMaggio (1988) and Oliver (1991; 1992). DiMaggio (1988: 3) calls for incorporating ‘the role of interest and agency’ as a corrective to an analysis ‘predicated on the assumption, often implicit, that persons and organizations hold, and act on, universal interests in survival and in the reduction of uncertainty’. Oliver (1991) follows this lead as she commends resource dependency theory in order to pay ‘attention to the role of organizational self-interests and active agency in organizational responses to institutional pressures and expectations’ (1991: 45). The intent of these interventions is to acknowledge and understand how ‘institutionalization is a product of the political efforts of actors to accomplish their ends’ (DiMaggio, 1988: 13), with a view to extending the capability and reach of institutional theory in relation to its study of ‘strategic responses to the institutional environment’ (Oliver, 1991: 151).

Revisions to institutional theory that attribute change to the agency of actors depart, as DiMaggio (1988: 11) notes, from the understanding that institutional and interest-based frameworks are incommensurable or ‘antagonistic’ – a position which, for both him and Oliver, is seen to impede ‘the development of a more comprehensive theoretical apparatus’ (1988). Such revisions are introduced as a remedy for what is regarded as the restrictive capacity of institutional theory ‘to develop *predictive* and persuasive accounts of the origins, reproduction, and erosion of institutionalized processes’ (1988, emphasis added). In a similar vein, Oliver approvingly quotes resource dependency theorists who

‘argue that organizational stability is achieved through the exercise of power, control, or the negotiations of interdependencies for purposes of achieving a *predictable* or stable inflow of vital resources and reducing environmental uncertainty’ (1991: 149, emphasis added). In this turn to agency, exemplified in the work of both DiMaggio and Oliver, power is conceived as a possession of agents which, when operationalized, is seen to render behaviour more predictable and thereby attenuate uncertainty. This orientation differs markedly from Foucault’s normalizing conception of power as a network of relations whose outcome is indeterminate. In commenting upon this turn to the role of ‘agency’ in the exercise of power, we focus upon two related issues. First, the compatibility of its methodologically individualistic conceptualization of action with the foundational assumptions of institutional theory; and, secondly, the focus upon a juridical conception of power to the exclusion of other concepts of power, such as those articulated by Foucault.

As Friedland and Alford (1991) incisively point out, DiMaggio’s proposal to correct the ‘defocalization of interest and agency’ (1991: 3) assumes a ‘materialist-idealist dualism’. This dualism is evident, for example, in the view ‘that actors have objective interests, which can be understood independently of the actors’ understandings’ (1991: 244) and to which, presumably, social scientists have privileged knowledge and access. In such formulations, agency appears to exist externally to, and to operate in some measure outside of, processes of institutionalization. Thus, DiMaggio asserts that ‘there is much about the processes by which institutions emerge, are reproduced, and erode, that *cannot* be explained without reference to interest and agency’ (1988: 3). In DiMaggio’s rehabilitation of agency within institutional theory, actors are susceptible to the influence of institutions only when their real interests are adequately catered for, or are recognized by them.¹⁸ Oliver (1991) is less explicit about her conception of agency,

although in drawing upon resource dependency theory, she relies on a juridical conception of power: she does not conceive of the organization, the environment, or, indeed, the perspective that differentiates them, as articulations of power in the manner suggested by Foucault. The power attributed to organizations appears to develop and be exercised independently of the institutional framework and processes through which organizational practices are enacted. These are the taken-for-granted 'context' against which power is exercised by actors pursuing their interests. In short, a basic limitation of both DiMaggio's and Oliver's theoretical positions is their 'institution-free conception of interest and power' (Friedland and Alford, 1991: 244). The materialist-idealist dualism effectively 'defocalizes' (using DiMaggio's terminology), processes of institutionalization with respect to both what the signifier 'interests' (and 'agency' and 'power') is intended to describe (its referent) and to what it signifies (see Hirschman, 1986, cited in Friedland and Alford). Put bluntly, there is a lurch to methodological individualism where institutional entrepreneurs somehow evade or 'escape the rules, routines, and norms of institutional fields' (Levy and Egan, 2003: 811).

In pointing to this example of structure-agency flip-flopping in neo-institutional theory, we stress that DiMaggio's and Oliver's proposed refinements seek to avoid deficiencies attributed to (new) institutional theory, but suggest that their analysis resembles a version of action theory rather than one that is institutionalist. Their conceptualization of power, self-interest and politics highlights our earlier observations about the conservative value-orientation of institutional theory. For, despite Oliver's characterization of interests as 'political' (1991: 147), she treats politics as synonymous with bargaining, where the substance or issues being bargained over are regarded as an ethically irrelevant feature of institutionalization.

Reliance on a juridical view of power, to the exclusion of bio-power and disciplinary

power, is also evident in more recent work, where change is seen as a problem that is 'solved' by identifying the agents who 'must' possess power to change things – institutional entrepreneurs or social movements. These 'powerful' agents are said to establish something that does not simply reproduce what already exists (Suddaby and Greenwood, 2005), but whose ethical or political properties are irrelevant to such analysis. This approach exemplifies a mode of knowledge production which aspires to capture, order, and reorder such 'objects'. Such (power-) knowledge enhances the position of comparative sovereignty of a certain class of actors (e.g. managers, technocrats) in identifying 'better' (from their perspective) strategic responses to institutional pressures. A Foucauldian response to this endeavour is not necessarily to deny the potential benefits of prediction and managerialism, *per se*, but rather to emphasise that belief in the possibility of predicting the outcome of power is conditional upon the exclusion of a conceptualization of power as a network of relations, or problematizing the ethical rights of managers.

Turning to the work of Meyer and Jepperson (2000), they valuably remind us that the meaning and significance of terms such as agency and interests is neither self-evident nor intransitive. Rather, such terms are articulations of a cultural system in which 'the modern actor [is constructed] as an authorized agent for various interests via an ongoing relocation into society of agency originally located in transcendental authority' (2000: 100). Meyer and Jepperson effectively admonish those who appeal to agency or interests – for example, in order to explain processes of institutionalization – when the appeal to agency fails to recognize how any conception of agency relies on a set of 'preconscious understandings' (DiMaggio, 1988: 3) that modern actors come to acquire and broadly share. This critique is subtly articulated when Meyer and Jepperson deconstruct the taken for grantedness of agency and 'agenticness' in so much social and organization theory:

Most social theory has recognized one way or another that core social entities have been more

elaborately constructed over time. The agentic aspect and its underlying spiritual devolution is less well recognized. *Modern individuals, organizations, and nation-states, in becoming legitimated agents for their underlying interests, incorporate the highly standardizing responsibility to enact imagined moral and natural principles. The proper, modern agentic individual, for instance, manages a life, carrying a responsibility not only to reflect self-interest but also the wider rationalized rules conferring agency ...* Modern agentic actors involve themselves in all sorts of efforts elaborating their agentic capabilities. (2000: 107, emphasis added)

Here we have a strong and timely reassertion of the distinctive, central idea of institutional theory that the key to understanding human behaviour is the manner and process of its institutionalization. They recall that the 'proper, modern, agentic individual' is a product of a particular institution that constitutes and legitimizes their/our sense of agency and associated responsibility for the enactment of 'imagined moral and natural principles' (2000), including the seeming naturalness of self-interest and the preoccupation with its preservation and pursuit.

Given that Meyer and Jepperson question the way in which agency has been attended to in institutional theory, it is disappointing that, despite their observations on modern actorhood – which they helpfully associate with 'European efforts' and particularly with Foucault's emphasis on how specific features of actorhood are generated by specific institutional structures (2000: 102, note 3) – they pay no attention to Foucault's thinking on power and knowledge. One way to interpret this silence is to understand their analysis as a sophisticated restatement of an *established* conservative conception of institutional theory. What, in neo-institutionalist analysis, appears to escape the operation of institutionalization is understood by Meyer and Jepperson to be a product of 'deeply held, unexamined logics' that currently form the framework 'within which reasoning takes place' (Horn, 1983: cited by Suddaby and Greenwood, 2005: 37).

Meyer and Jepperson's (2000) argument is a potent rejoinder to those who contend

that agency, for example, is external to, and operates in some measure outside of, processes of institutionalization. But Meyer and Jepperson have virtually nothing to say about power or hegemony, and in this sense their contribution is radically conservative in the tradition of Berger and Luckmann (1966).

From agency to contradiction? Seo and Creed

Seo and Creed (2002) take up and amplify Meyer and Rowan's observation (1977/1991) that gaining legitimacy by conforming to prevailing logics within the institutional field can be damaging for efficiency and social reproduction, notwithstanding possibilities for a loose coupling between logics and action. They formulate this insight as contradictions in a way that builds upon Friedland and Alford's (1991) thesis that contemporary Western societies are organized on, and through, diverse and contradictory logics, such as those of capitalist enterprise, family values, democratic principles, etc. They argue that it is disjunctions within and between these logics that prompt agents to act in ways that produce change.

Seo and Creed's (2002) work engages directly with critical theory which, as they note, 'raises concerns about the possibilities of dominance and alienation in the processes of institutionalization that are seldom discussed in the managerialist treatments of institutional phenomena' (2002: 241). They also observe that institutional theory, in contrast, 'treats rules, logics of action, and institutionalized patterns of behaviour ... as something neutrally embedded within people's cognitions and/or as external givens of the broader society' (2002). This assessment echoes our earlier reflections on the divergent value-orientations of critical and institutional theory, and our comments on the latter's consensualist and conservative leanings.

To explore the operation and significance of contradictions for analyzing change, Seo and Creed commend a dialectical version of critical theory (Benson, 1977). But they simultaneously cling to a neo-institutionalist, juridical conception of agency and power. Processes of institutionalization are understood to involve 'political struggle involving various participants who have divergent interests and unequal power' (2002: 229, emphasis added). A juridical attribution of power is assumed that excludes consideration of its hegemonic and net-like operation. Echoing DiMaggio (1988), they contend that change is instigated by agents when their 'ideas and interests are not adequately served by the existing social arrangements' (2002: 229). Such ideas and interests are presented as 'givens' that are self-evidently in a relation of more or less tension with 'given' social arrangements. There is no consideration of how the identification of interests, or of the 'needs' that are 'unmet' (2002: 229), or the assessment of existing arrangements is mediated by (contradictory) processes of institutionalization.

Seo and Creed's contribution to the refinement of institutional theory usefully points towards contradictory, rather than simply competing, forms of institutionalization. Perversely, their use of critical theory to provide an explanation of change directly contradicts what they initially identify as 'one of the most central assertions in institutional theory – that actors and their *interests* are institutionally constructed' (2002: 222–3, emphasis added). Seo and Creed's 'dialectical perspective' aspires to show how contradictions in and between institutional arrangements induce the realization of transformative agency such that agents' latent interests are expressed through processes of institutional change. While this is a commendable attempt to address the paradox of embedded agency, Seo and Creed fall back on essentialist, or at least de-institutionalized, notions of 'need' and 'interests' in their conception of agency that are somehow transcendent of their institutional(ized)

formation and identification involving processes characterized by Foucault as subjectification.

Foucault at last? Lawrence, Winn and Jennings

The distinctive way in which Foucault connects the exercise of disciplinary power to the process of subjectification is central to Lawrence et al.'s (2001) examination of 'the set of power relations that support the process [of institutionalization]' (2001: 629). As they put it, 'the power of discipline ... provide(s) the basis for agency in the form of identity' (2001: 636). Identity is understood to precede agency, and is not theorized as something that is chosen by (autonomous) agents. Contrasting disciplinary power with 'influence', which is conceived as being concerned with 'shaping a subject's actions' (2001: 636), processes of institutionalization governed by disciplinary power are understood to 'shap(e) the actual formation of the subject' (2001: 636) and to be involved in 'the constitution of their targets' subjectivity' (2001: 636). While this is useful, precisely what is involved in such 'constitution' receives no attention beyond a cursory and descriptive reference to Foucault's observations concerning the role of hierarchical observation, normalizing judgement and examination in 'maintaining power relations' (2001: 636) through the shaping of subjects' formation. Their relevance of these observations for developing an alternative view of the nature and significance of institutionalization is unexplored. Instead, Foucault's 'disciplinary power' is taken up to analyze the temporal dimension of institutionalization processes. More specifically, ideas drawn from Foucault's *Discipline and Punish* (1977) are deployed to populate one cell within a 2 x 2 typology of power-centred mechanisms of institutionalization, which is distinguished by its generation of comparatively slow and stable processes of institutionalization (see fig. 2, p. 630 and Propositions 3a and 3b).

Lawrence et al. (2001) claim that modes of power target either 'subjects' or 'objects' when, arguably, it is always subjects that are targeted and subjectified by discipline, even when their subjectivity is disregarded (as in the case of the power-knowledge effects of actuarial tables or standard costs). From a Foucauldian perspective, actors rarely have 'no choice' (2001: 631), as Lawrence et al. contend. Disciplinary power is not distinguished from juridical power by the attribution of choice to those who are subjectified by it. It may be the case, as Simon (1988) contends, that 'Where power once sought to manipulate the choice of rational actors, it now seeks to predict behaviour and situate subjects according to the risks they pose' (1988: 772, cited by Lawrence et al., 2001: 637). But, as we argued earlier, this does not exclude consideration of the ways in which subjects become knowledgeable about such changes and seek to resist them.

Frustratingly, what we encounter in Lawrence et al.'s application of Foucault's thinking is an example of how, in the language of institutional theory, rhetoric is deployed [by academic entrepreneurs] to accommodate and align some new ideas [in this case, Foucauldian ideas] to an established, taken-for-granted mode of comprehensibility (see Suchman, 1995; Suddaby and Greenwood, 2005) that strips Foucauldian critical theory of some of its most provocative and original insights. Their domestication of critical thinking is brought home in the concluding section of their article where it is conjectured that contemporary processes of rationalization 'involve a movement away from institutionalization through influence and force and towards discipline and domination' (Lawrence et al., 2001: 641) without connecting this development to processes of subjectification.¹⁹ Moreover, the implications of this shift for researching institutionalization are framed not in terms of the effects of a putative shift to discipline and domination on subjects but, rather, in a neo-positivist concern with the question of the 'resources or abilities ... needed on the part of agents to

employ each of the four types of institutional mechanisms' (2001: 641). In short, it is business as usual for institutional theory.

CONCLUDING REMARKS

Our reflections on 'Examining Institutionalization' are premised on the understanding that accounts of the world generated by institutional theory and critical theory are contingent upon the value-orientations in which they are embedded. We have pointed to some limits of institutional theory, not with a view to correcting or enhancing it but, rather, to show how it articulates a *particular*, value-oriented form of power/knowledge; and, relatedly, to suggest that it does not have a monopoly of truth over the nature and significance of institutionalization.

We have argued that institutional theory understands institutionalization as a universal and politically neutral process, albeit one where juridical conceptions of 'agency', 'power' and 'interests' are increasingly invoked to account for the emergence or demise of institutions. Even though institutional analysis conceives of organizations as value-imbued human constructions, rather than as impersonal, rational entities, its focus is on how institutions constrain and facilitate organizational forms and practices, and not upon how institutions, dominate and oppress as they subjectify human beings. It is guided by a conception of knowledge production in which there is a (positivist) emphasis upon prediction and control, as manifest in a pre-occupation with the identification and measurement of variables, including the power attributed to agents, that are deemed to provide a more complete explanation of how organizational forms converge and change. Institutional theory, we contend, is institutionalized within a tradition of normal science which assumes an incrementalist and imperialist conception of theory development, inspired by the belief that it should be possible to devise one, single, universally

valid theory that successfully incorporates and integrates every possible relevant element.

The particular value-orientation that propels and legitimizes critical theory, in contrast, produces knowledge that aims to 'denaturalize the present', and thereby prompt and facilitate processes of emancipation.²⁰ Consistent with this impulse, we have engaged critical theory to problematize the institutionalization of institutional analysis rather than to revise or replace its distinctive power/knowledge framing of institutionalization. Specifically, we have suggested the relevance of Foucault's discussions of disciplinary forms of power and processes of subjectification for thinking critically about how to study institutionalization.

In applying a critical, Foucauldian, reading to the central tenets and some key texts of institutional theory our position is that there is nothing inherently unacceptable about defining and accounting for institutionalization in a particular way or, indeed, in many different ways. Nor is there anything insupportable in the ambition to develop more robust, normal science explanations of institutionalization so long as the contingency of the definition is fully acknowledged and subsequently recalled. Our point is that what is presented, and what is counted, as 'plausible' or 'adequate' is not a reflection of the correspondence of a particular approach with what it aspires to refer to or 'capture' but, rather, its resonance with available, and perhaps dominant, discourses to which it is heard to contribute in an affirming or disruptive manner. To articulate this argument in terms more familiar to institutional theorists:

actors employ rhetorical devices to connect elements of the existing or proposed [meaning] to *broader cultural understandings* in order to support or challenge the comprehensibility of a [definition]. (Suddaby and Greenwood, 2005: 41, emphasis added)

We have emphasized how institutional theory advances an important alternative to methodologically individualist analysis but we have also argued that, in this process,

it uncritically deploys dominant 'cultural understandings' to present a benign and totalizing understanding of institutionalization in which, for example, the institutionalization of agency is unaddressed. We have also noted how recent discussion of institutionalization has centred on the question of how the theory might be enhanced by remedying a perceived neglect of *inter alia* 'agency', 'power', 'interests', 'inequality', 'meaning' (e.g. Beckert, 1999; Whittington, 1992; Zilber, 2002; Lounsbury and Ventresca, 2003; Phillips, 2003) where it is assumed that any shortcoming identified in institutional theory can be corrected by applying a restitutive patch in a way that will not transgress or compromise its particularity. But these interventions have not reflected on how the *particularity* of institutional theory has permitted or spawned such limitations. A consistently institutionalist perspective, in contrast, could be expected to conceive of 'agents', and whatever is attributed to them (e.g. 'interests' and 'power') as embedded manifestations of processes of institutionalization, and as existing externally to such processes. What Meyer, Boli and Thomas (1987: 13, quoted in Scott, 1995/2001: 42) have observed of 'most social theory' would seem to be no less applicable to neo-institutionalist analysis:

Most social theory takes actors (from individuals to states) and their actions as real, a priori, elements [in contrast] we see the 'existence' and characteristics of actors as socially constructed and highly problematic, and action as the enactment of broad institutional scripts rather than a matter of internally generated and autonomous choice, motivation and purpose.

Meyer et al.'s (1987) commentary invites the development of a more institutionally grounded analysis of agency (and subjectification) that has not been taken up by institutional theorists. Foucault's thinking resonates, as Meyer and Jepperson (2000, note 3) note, with the institutionalist understanding that actors' 'characteristics' are 'socially constructed and highly problematic'. But there is nothing equivalent,

in institutional theory, to the Foucauldian view that everyday processes of institutionalization exemplify a disciplinary form of power that is productive yet also dangerous in respect of its subjectifying effects. In institutional theory, disciplinary power is either unrecognized or domesticated (Lawrence et al., 2001). Agency is displaced by a focus upon 'broad institutional scripts' (new institutional theory) or it is treated as the locus of a previously missing variable, in the form of power that is believed to enhance its explanatory capability. This is illustrative of how 'old', 'new' and 'neo' institutional analysis tends to flip-flop between 'structure' and 'agency'.

When faced with anomalies within institutional theory, such as the paradox of embedded agency, some institutional theorists have turned to critical theories – for example, in order to support efforts to pay greater attention to issues of inequality and conflict (Hirsch and Lounsbury, 1997; Lounsbury and Ventresca, 2002, 2003). However, the belief that elements of critical theory might be incorporated to develop a less partial account of aspects of institutionalization labours, in our view, under a misapprehension. Critical theory does not offer an 'additive adjustment' to other theories (Kuhn, 1970: 53). Instead, it advances alternative, more radical, ways of representing the nature, and especially the significance, of processes of institutionalization. That institutional theorists have largely ignored, or otherwise dismissed critical theory, including the thinking of Foucault (e.g. Hirsch and Lounsbury, 1997: 412; Lounsbury and Ventresca, 2003: 464), does not, for us, imply that an opportunity to refine institutional theory has been missed. Rather, it reflects and affirms our thesis that institutional theory and critical theory offer alternative, value-oriented ways of representing the social world, including the nature and significance of institutionalization.

That said, a more fully institutionalist understanding of knowledge, including 'agency', can prompt a shift in the direction

of more critical thinking. In one of their more radically phenomenological moments,²¹ Berger and Luckmann (1966: 82) caution that 'great care is required in any statements one makes about the "logic" of institutions'. Why do they urge this vigilance? Because 'the logic [of institutions] does not reside in the institutions and their external functionalities, but in the way these are treated in reflection about them' (1966). What is conceived, or passes, for the logic of institutions is inescapably an articulation of a particular (value-oriented) discourse – such as institutional or critical theory – not a reflection of the social practices that are represented through these discourses. The dimming of this insight – that 'reflective consciousness superimposes the quality of logic on the institutional order' (1966) – results in, or makes possible, the dominance, if not monopolization, of the representation of institutions and institutional theory by a form of analysis that is positivistic and conservative in tenor. This dominance is reflected in the absence of engagement with, or selective appropriation of, critical theory by institutional theorists.

In institutional theory, a posture of scholarly inquisitiveness towards whatever illumination critical theory might bring has been exceptional. Institutional theorists have seemed reluctant to pay critical theory concentrated attention – perhaps because of an intuition that it could throw up some destabilizing anomalies or 'inconvenient facts', and thus ignite a process of theoretical reflection and reassessment which would be counter-productive to the business-as-usual, 'puzzle-solving' modality of much institutional theorizing (Kuhn, 1970: 35). Institutional theory is perhaps, as Jepperson (1991) hints, something of a prisoner of its own, distinctive institutional(izing) logic(s); and, in this respect, its analyses run the risk of:

becoming ideologies of the institutions they study. Foucault has pointed to the double relation between truth and power, between forms of knowledge and power relations ... (Foucault, 1980). When social scientists import the dominant

institutional logics into their analyses of individuals and organizations in unexamined ways, they unreflectively elaborate the symbolic order and social practices of the institutions they study. These elaborations subsequently become factors in the reproduction of these institutions. (Friedland and Alford, 1991: 260)

That there is limited critical reflection within institutional theory, as Jepperson (1991) and Friedland and Alford (1991) point out, may not be a problem *for* institutional theory. To the contrary, we interpret this restriction as contributing to institutional theory's appeal and influence as it suppresses consideration of the ethics, institutionalized as a value-orientation, of knowledge production. For us, the boundedness of critical reflection is a problem *of* institutional theory. If critical reflection were more energetically engaged, it would threaten the very taken-for-grantedness of institutional theory with respect to the 'theoretical strategies' (Jepperson, 1991: 143) that give it distinctiveness and ensure its future reproduction. Critical theory illuminates how institutional theory ignores power; how neo-institutional theory incorporates it in an inconsistent way; and shows that neither variant is in a position to appreciate the subjectifying effects of institutionalization.²² By de-naturalizing the analysis of institutions and processes of social ordering constructed by institutional theory, critical theory opens up the possibility of alternative forms of institutional analysis, including a Foucauldian attentiveness to subjectification.

In addressing the question of what value critical thinking has for students of institutionalization, our answer has been that it is less germane as a resource for supplying ideas or fixes for shortcomings detected in institutional theory. Rather, a way of developing some critical distance from which to appreciate the particularity and limits of institutional theory. Appreciating the differences between institutional theory and critical theory avoids strained, contradictory and confusing efforts to incorporate elements of critical theory into institutional theory.

They each challenge the authority of individualist, rational choice forms of analysis. But the forced integration or selective appropriation of elements of critical theory to patch up weaknesses in institutional theory risks devaluation of their distinctive value-orientations and associated contributions to knowledge. Respecting and preserving these differences serves to enrich our understanding and, more specifically, impedes any tendency for a particular conception of institutionalization to become totalizing (Lok and Willmott, 2006). It is when critical reflection upon the totalizing tendencies of institutional theory is absent that it presents an obstacle to the development of other, critical forms of analysis as it paints them as 'politically charged' or 'biased' in a way that simply normalizes the 'bias', or value-orientation, of institution theory. A challenge for advocates of critical analysis is to show why, instead of seizing upon 'agency' or 'power' as overlooked variables for devising better predictions of institutionalization, closer acquaintance with critical theory can offer an alternative for anyone interested in studying how power and agency are institutionalized in forms of normalization and subjectification.

APPENDIX

Critical theory is a capacious and slippery label invoked to characterize diverse forms of analysis. Just as institutional theory is, on occasions, identified with one of its leading or favoured (e.g. normative, rational choice, sociological, economic or historical) variants, critical theory is sometimes directly associated with, or even assumed to be identical to, either Marxism (in its various forms) or Critical Theory (distinguished by its capitals) of the Frankfurt School (e.g. Marcuse, Habermas, etc.). All versions of critical theory draw on a range of disciplines – economics and philosophy, as well as sociology and psychoanalysis, to advance

critical thinking within a broad framework of humanistic Marxism (see Alvesson and Willmott, 1996, especially ch. 3). Refusing the restrictiveness of this intellectual terrain, which contemporary Critical Theorists have also sought to extend or revise, a growing number and range of theories are identified as 'critical'.

So, in the contemporary context, it is implausible to equate critical theory with Critical Theory although an important continuity with the Frankfurt School is its interdisciplinary orientation and emancipatory intent. A common, recent, thread is a critique of death in a variety of forms, e.g. of realism, of narratology, of the author. Our chapter may also be read as a critique of the death threat posed to critical theory in organization studies by the suffocating expansion of (uncritical) institutional theory. The range of critical theory resonates strongly with critical work that is emerging within the field of management under the umbrella of Critical Management Studies. For proceedings of the CMS conferences held bi-annually since 1999, see <www.mngt.waikato.ac.nz/ejrot/cmsconference/default.htm> and <www.mngt.waikato.ac.nz/ejrot/>; see also Adler, Forbes and Willmott, 2007.

Developments in the fields of philosophy (Wittgenstein), linguistics and semiotics (Saussure) and literary criticism (de Man) have become highly influential in the contemporary formation of critical theory in the social sciences, especially through the writings of Foucault, Derrida and, increasingly, Bourdieu, Lacan and Žižek. What these critical thinkers challenge and unpack, in different ways, is the capacity of language to provide a faithful representation of that which it aspires to reference (Rorty, 1979). This 'linguistic turn' does not necessarily involve a reductionist equation of social reality with language, as some of its lazy detractors are inclined to claim. Rather, the post-realist position is that,

what we take to be knowledge is constructed in and through language. Knowledge has no secure vantage point outside such socio-linguistic

processes. Whatever knowledge is, it cannot be justified through metaphors which commit us to thinking that it is an accurate representation of the external world. [It is] what Vattimo calls 'the myth of transparency' '... it is language and the social negotiation of meaning themselves that need to be illuminated to display their constructive properties and processes. (Johnson and Duberley, 2000: 96-7)

A 'crisis of representation' has developed as a consequence of the view that the referent eludes any transparent or stable representation by the signifier because, it is argued, the latter can articulate only a particular, historically and culturally embedded and frequently contested, signified. Consider the signifier 'critical theory'. This term (or text) is deployed to point to a referent (what critical theory *is*) but the contested nature of critical theory makes it impossible to fully stabilize what is signified by this signifier. To the extent that some degree of stability is accomplished, it is achieved *hegemonically* by effectively excluding or silencing other possible signifieds, and not as a consequence of providing a fully transparent or comprehensive characterization of its referent. Derrida coined the phrase 'metaphysics of presence' to characterize the fantasy of transparency (see also Rorty, 1979). This example also serves to indicate the centrality of power (hegemony) in the reproduction and transformation of human realities, including the realities produced by scientists (Kuhn, 1970: 206). The resolution, or 'sedimentation', of such contests is understood, by Foucault (1980) for example, as an articulation of power-knowledge, and not as a product of consensus or epistemological privilege, as implied, for example, by Berger and Luckmann (1966) and Tolbert and Zucker (1999). Post-realist thinking has fuelled the development of critical theory across the social sciences and humanities in ways that have considerably extended its scope, diversity and influence.

Analyses identified as 'functionalist' and 'positivist' have been amongst the primary intellectual targets of critical theories as these approaches are inclined to assume the

functional value of the status quo and/or the ahistorical status of social facts (see Alvesson and Willmott, 1996). But, of course, the aspiration to critique the naturalization of the present, whether in social science or everyday life, does not exempt elements and versions of critical theory from critical scrutiny. In such ways, ostensibly 'critical standards' within a discipline can 'generate a relatively closed world' (Barnett, 1997: 18) as critical theory becomes over-protective of its internal sacred cows. It is the limiting, oppressive qualities of such closures in all approaches (including its own) that, in different ways, critical theories aspire to bring to consciousness and open up to scrutiny.

Critiques of naturalization of the present are not, of course, limited to problematizing how language(s) are engaged to bolster and refine what is normal. For critical theories assess processes of emancipation to be frustrated, nationally and globally, by *socially unnecessary* limitations on radically democratic forms of decision-making and associated self-determination within both public and private (e.g. workplace) spheres. Variants of critical theory challenge the fetishized, and seemingly uncontrollable, order of global capitalism that generates extremely asymmetrical distributions of resources and life-chances. Critical theory does not pretend to provide value-neutral reports of processes of globalization, for example. Rather, rejecting the notion of value-free science as a myth that sustains the status quo, critical theories challenge the relentless pursuit of growth for being socially divisive and ecologically unsustainable. Such critical thinking understands that resources – in the form of knowledge as well as raw materials and technologies – exist that could bring about a radical redirection of priorities. Critical theory, as conceived here, is engaged in the critique of ideas and institutions – patriarchy, racism, and science, as well as capitalism – that are assessed to legitimize resistance to a progressive transformation of social relations as well as to the advancement of ideas and institutions more relevant to facilitating radical change than to preserving the status quo.

NOTES

1 There are many versions of institutional theory. We focus here on the dominant, sociologically informed, versions in the Anglo-American literature. As might be expected, there are regional variations, and institutional theories that are more historical and economic in emphasis (e.g. Menard and Shirley, 2005).

2 Methodological individualism 'amounts to the claim that social phenomena must be explained by showing how they result from individual actions, which in turn must be explained through reference to the intentional states that motivate the individual actors.' (Stanford Encyclopedia of Philosophy, <<http://plato.stanford.edu/entries/methodological-individualism>> accessed 03/01/07)

3 The term 'value-orientation' is closely associated with the work of Weber and is a shorthand translation of *Weltanschauungen*, a term which Brubaker (1984) regards as virtually 'untranslatable'! Value-orientations are not judgements but, rather, are 'general views of life and the Universe' that are both theoretical and practical as 'they endow the world with meaning and at the same time define paths of action' (Brubaker, 1984: 62, citing Weber, 1949: 57). Since 'methodological individualism' (see note 2) is also associated with Weber's position, we stress that it is possible to agree with philosophical elements of Weber's thinking without subscribing to his methodology.

4 Aside from the question of their compatibility, the lack of inquisitiveness is perhaps attributable to dark mutterings about the leftist leanings of some of the original institutional theorists. In the repressive intolerance of many business schools, scholars have taken refuge in an orientation to the study of institutionalization in which critical thought is domesticated if not fully cleansed. Amongst that band of highly influential, 'old' institutionalists, Selznick is known for his youthful association with 'the Trotskyists, the socialists, the anarchists and Zionist socialists' (Lipset, 1996: 4). Jonathan Murphy alerted us to the link between leading institutional theorists and leftist politics.

5 Likewise, critical students of organization have rarely engaged with institutional theory. As an indicator of this neglect or indifference, the coverage of institutional theory by two critical textbooks is either almost non-existent (Thomson and McHugh, 2002) or largely descriptive (Clegg, 1990).

6 That selective appropriations and translations of elements of critical theory into institutional theory (and vice-versa) have occurred is not at issue (e.g. Oakes, Townley and Cooper, 1998; Lawrence, Winn, and Jennings, 2001; Seo and Creed, 2002). Such hybridization is inherently perilous and potentially confusing, especially where some variant of critical theory is shoehorned into the framework

of institutional theory. In this regard, we agree with Lounsbury (2003: 216), though for rather different reasons, that 'analytical approaches of interest to critical theorists [are] not easily translatable into the repertoire of institutional analysis'.

7 Foucault's work was cited more frequently in scholarly social scientific journals during 1995–2000 than any other author, and indeed received twice the number of citations as the second most cited author (see Posner, 2001).

8 Against this thesis, it might be argued that instrumental rationality provides for more assessment of, and thus reflection upon, the means of attaining ends as well as the possibility of distancing oneself from (responsibility for) calculating their selection. However, within Weber's conception of instrumental rationality, such forms of reflection and distancing are themselves instrumentally rational.

9 Only as an aside (that is not integrated within their notion of institutionalization), do Berger and Luckmann make any reference to institutionalization as an articulation of power; and, even then, it is restricted to a discussion of a situation in which forms of institutionalization compete with each other (1966: 126–7). Specifically, they note that the construction of reality which proves victorious in such contests is likely to be advocated 'by those who wielded the bigger weapons rather than those who had the better arguments' (1966: 127). But this very brief commentary on how conflicts between rival forms of institutionalization are resolved is absent from their (consensualist) conception of institutionalization.

10 Along with much else in Friedland and Alford's (1991) instructive contribution, this observation has not been taken up in institutional theory. Instead Friedland and Alford's has been selectively appropriated for its use of 'logics' and 'contradiction'. We are grateful to Jaco Lock for this insight.

11 The aspiration to critique the naturalization of the present, whether in social science or everyday life, does not exempt elements and versions of critical theory from critical scrutiny. Critical thinking may also be developed, selectively appropriated and translated to bolster and refine what is 'normal' (cf Kuhn, 1970) – for example, through an assessment and effective domestication of elements that are potentially threatening to established thinking, as is illustrated by the recent flirtation by neo-institutionalists with critical discourse analysis (Phillips, Lawrence and Hardy, 2004); semiotics and actor network theory (Lawrence and Suddaby, 2005) and rhetoric (Suddaby and Greenwood, 2006).

12 See Baritz (1960) and Brief (2000).

13 Indeed, from our Foucauldian standpoint, it would be perverse to claim that we provide an 'accurate interpretation' either of Foucault's work or of the diverse contributions to institutional analysis discussed in this chapter; or, relatedly, that we aspire

to correct other interpretations that stand accused of producing mere 'social constructions' which take on 'identities created as much by their users as their authors' (Mizruchi and Fein, 1999: 653). In Foucauldian analysis, the author is de-centred in the sense that s/he is not ascribed the sovereign power to adjudicate the meaning of the text. We recognize that this undermines both literalism and the sovereignty typically attributed to authors and, for this reason, it tends to attract knee-jerk accusations of 'relativism' and 'nihilism'. However, reducing a text to a single, authoritative reading – as dictated by the author or by anyone else – would seem to be an absurd, Sisyphean task (Camus, 1955).

14 Bhaskar's warrant is a (retroductive) mode of science that is concerned to disclose the causal mechanisms which generate empirical phenomena, whereas Habermas's warrant is a counterfactual ideal speech situation that, he argues, is inherent in the structure of communication, and which provides a foundation for objective knowledge.

15 By 'non-foundationalist' we mean 'rejecting the asymmetric image of basic (immediately justified, foundational) beliefs that support nonbasic beliefs. Non-foundationalists prefer the image of a web of mutually supporting beliefs, which are mediated through a particular community.

16 This allows for the possibility of productively studying power in a variety of ways. Other critical approaches, such as Braverman's (1974) labour process analysis, adopt a sovereign or juridical conception of power and shed insight into the way workers' knowledge is appropriated by management in the pursuit of profit.

17 Institutional theory does not readily conceive of these 'logics' as forms of power since power is associated with agency, whereas logics are associated with legitimacy.

18 It is also evident in his assessment of the contribution of institutional theory which is characterized as one that 'rests in the identification of causal mechanisms leading to organizational change and stability on the basis of precarious understandings that organizational actors share, independent of their interests' (DiMaggio, 1988: 3). For critiques of the use of 'interests' in institutional theory, see Campbell, 2006; Enrione, Mazza and Zerboni, 2006; Fligstein, 2006.

19 In Lawrence et al.'s typology, power as 'domination' is reserved, oddly enough, for 'forms of power that support institutionalization processes through systems of organized, routine practices that do not require agency or choice' (2001: 637) – a restriction that eliminates virtually every form or exercise of non-judicial power. In comparison to 'influence', 'force' and 'discipline', 'domination' is (conveniently) conceived by Lawrence et al. to be a marginal and exceptional form of power.

20 In the spirit of self awareness and reflection, it is appropriate to acknowledge that Foucault's version of critical theory leaves open the nature and processes of emancipation. While this openness is appealing to us, since it leaves such determinations to local struggles, contexts and understandings, other versions of critical theory – for example Marxism and Critical Theory – identify more universal notions of emancipation. The relevance of differing versions of critical theory for understanding management can be found in Alvesson and Willmott (2004), and engaging debates about their relevance for studying accounting can be found in Neimark (1994), Armstrong (1994) and Hoskin (1994).

21 The phenomenological tradition, in which Berger and Luckmann's thinking is partially located, problematizes, or denaturalizes 'cultural understandings', albeit in a universalizing rather than historical, power-sensitive, manner.

22 We are indebted to Jaco Loc for this felicitous summary.

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