

THE IRON CAGE REVISITED

Reflections past and future



March/Olsen Honorary Lecture
University of Bergen

by
Woody Powell
Stanford University

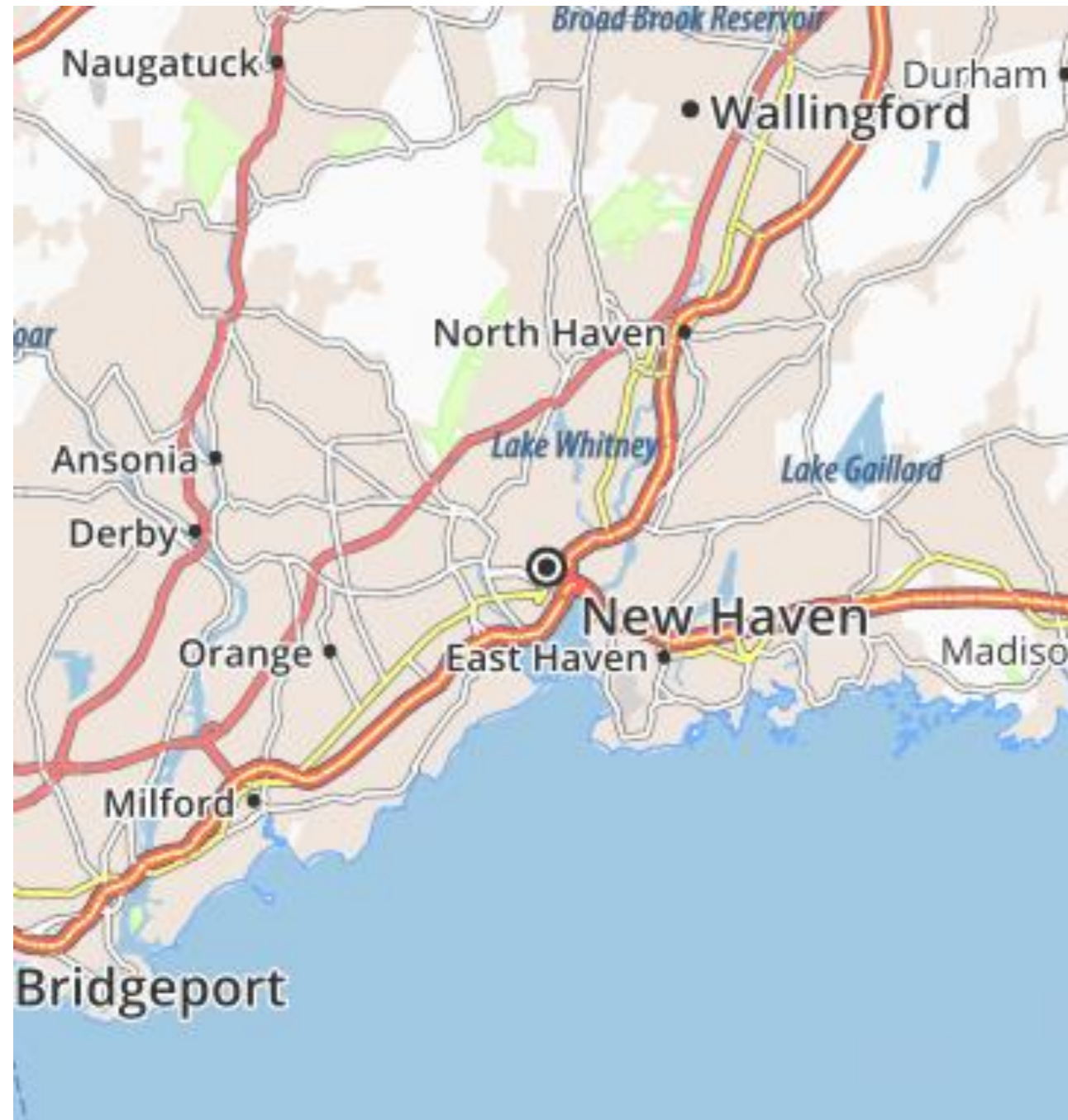
Memory is a Selective Process

George Bernard Shaw, in his preface to the American edition of *The Irrational Knot*, in 1905, commented that:

At present, of course, I am not the author of *The Irrational Knot*. Physiologists inform us that the substance of our bodies (and consequently of our souls) is shed and renewed at such a rate that no part of us lasts longer than eight years: I am therefore not now in any atom of me the person who wrote *The Irrational Knot* in 1880. The last of that author perished in 1888; and two of his successors have since joined the majority.

Fourth of his line, I cannot be expected to take any very lively interest in the novels of my literary great-grandfather. Even my personal recollections of him are becoming vague and overlaid with those most misleading of all traditions, the traditions founded on the lies a man tells, and at last comes to believe, about himself to himself.

Road Map



- > Little paper, only 14 pages, with a long life, and quite a paper trail (67,878 citations according to Google scholar on Tuesday, but don't trust that source!)
- > Settings that gave rise to the work — ideas, empirical research, colleagues
- > Why such a generous reception? How did the paper diffuse and why?
- > Friendly Fire

Precursors

- Prior to arriving at Yale at the same time, Paul and I had not met in person, but we corresponded as grad students; we shared a common interest in culture and organizations
- Paul studied at Harvard, with Ann Swidler (*Organization Without Authority*), Harrison White (structural equivalence), and Mike Useem (who introduced him to Bourdieu's work on the role of education in social reproduction)
- Paul's dissertation was on the evolution of cultural organizations in 19thc New England, and the growing cleavage between popular and high culture
- Woody studied at Stony Brook, with Lewis Coser (*Greedy Institutions*), Charles Perrow, and Mark Granovetter ("Strength of Weak Ties"). His dissertation was part of a larger research project on the transformation of American book publishing from a family run, craft enterprise into a corporate, commercial sector. Master's thesis compared 19th century American communes, using Rosabeth Kanter's data, with 20th century communes.
- Our respective dissertations were both about processes of convergence, and the decline of diversity of organizational forms.

Max Weber on the Spread of Rationalization

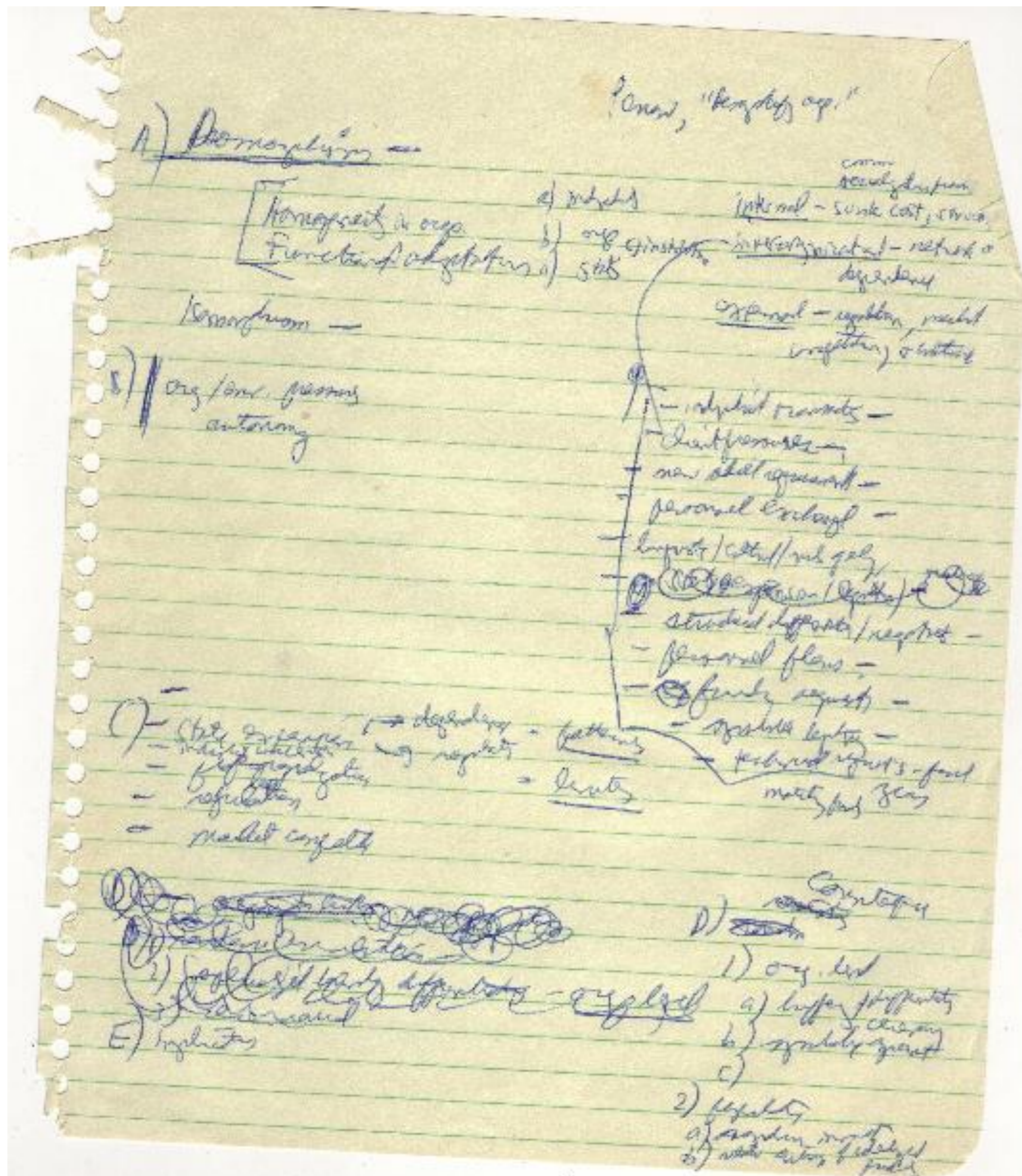
- Modern life is becoming more calculable, instrumental, and methodical
- It has become fairer and predictable
- Scientific reasoning is replacing feelings and religious values
- Bureaucracy is spreading into all spheres of life, with its emphasis on written rules, contracts, task specialization, and hierarchical organization
- “Disenchantment of the world”
- “Specialists without spirit”
- He saw the modern state and market economy as primary drivers; D&P added that by latter half of the 20thc, the modern professions were carriers of instrumental rationality.

Yale and New Haven 1979

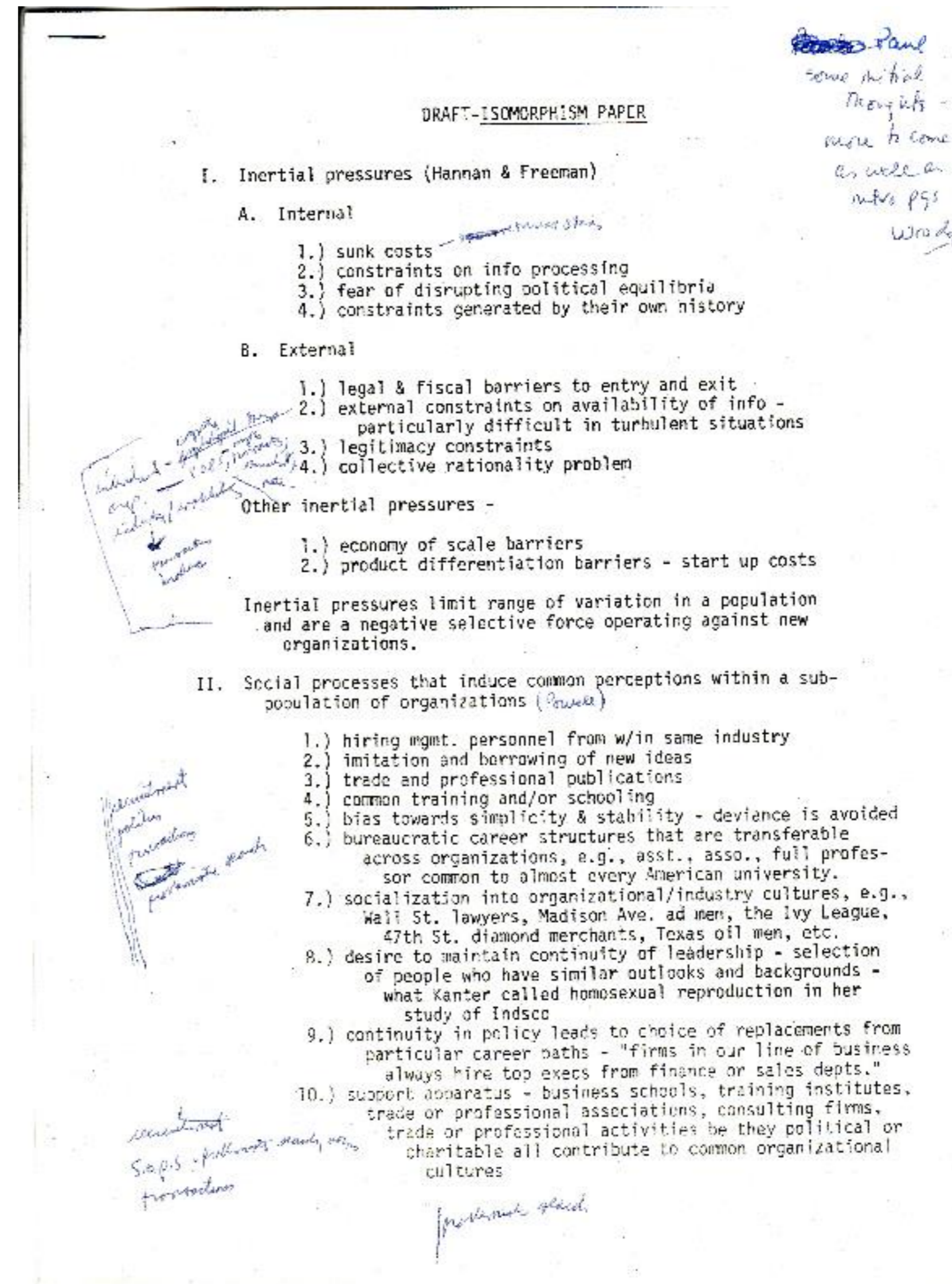
After reading social theory and studying book publishing at Stony Brook, Woody Powell pretends to be a management professor, much to the shock of his advisors.



After working on the *Harvard Education Review* and studying high culture institutions in 19th century New England, Paul DiMaggio cobbles together a dissertation and pretends to be an organization theorist.



Paul's earliest outline of what would become ICR



Early outline from Woody



JOHN SIMON

Vice Dean, Yale Law School
Institute for Social and Policy
Studies (ISPS)

Yale Provided a Rich Intellectual Infrastructure

INSTITUTION FOR SOCIAL AND POLICY STUDIES
 P.O. BOX 154 YALE STATION (84 TRUMBULL STREET)
 06511-0154
 3/11/80

To: John Simon
 From: Paul DiMaggio
 Re: Possible PONPO Research Topics

While I am in a memo-writing mode, I will take the opportunity to unburden myself of two ideas for research/think-piece studies that sociologists might contribute to this program.

2) I've become increasingly interested in what some people call 'isomorphism' - basically the process by which organizations become structurally and procedurally similar to other organizations upon which they depend for resources. I've found that arts organizations become more like the agencies that fund them; Carl has found that the same is true of community organizations; a Harvard friend has found exactly the same process going on in Yugoslav worker co-ops; if WNET is any example, Woody will find similar things in public television; and there may also be implications for Eleanor Westroy's work on Japanese organizations, Paul Starr's stuff on medical care (particularly what he calls 'organizational mimicry'), and Ben-Ner's work on kibbutzim. The interesting policy issue, in which both Carl and I are interested, is how one facilitates the preservation of organizational diversity if non-profits try to operate in market systems - how to keep them, if that is desirable, from becoming like businesses or government agencies in how they make decisions and plan programs.*

It might be interesting to explore the possibility of raising some money, under the auspices of this Program, for a mini-conference, at which a number of people present papers on isomorphism in different contexts - papers that could then be published in book form. As far as I can tell, the only explicit work on this phenomenon (altho some earlier work on co-optation is very close) has been done by people like Hannan and Freeman, who borrow rather directly from population ecology and keep it at a rather abstract and non-policy-oriented level. As far as I know, no one has recently addressed the question of, given that this general phenomenon exists, what are the actual processes by which organizations get more like other organizations they depend on, and what factors systematically contribute to or discourage such structural change.

Yale Provided Terrific Colleagues



Carl Milosfky
Community Organization



Richard R. Nelson
Evolutionary Economics



Eleanor Westney
Meiji Japan



Avner Ben-Ner
kibbutzim



Diane Vaughan
Encouragement
and Good Ideas



Blair Wheaton
Skeptic



Ed Lindblom
Critic/Inspiration



Rosabeth Kanter
First to use “isomorphism”
our way in print



Albert J. Reiss
Rosabeth says he
gave her the idea...

And a Lot of Help From Outside Yale

Other folks who helped with comments

Stony Brook

Department of Sociology
State University of New York at Stony Brook
Long Island, NY 11794
telephone: (516) 246-6720/21/22

September 29, 1980
rec. Oct 9

Walter W. Powell
School of Organization and Management
Institute for Social and Policy Studies
and Department of Sociology
Yale University
New Haven, Connecticut

Dear Woody and Paul:

I like the "isomorphic" proposal and think the issue is certainly worth exploring. My only problem is with the lack of connection between the paradox on page 1 and the material from page 3 on which deals with processes which make organizations more alike than different. Two different ideas are involved here in the proposal and I think if you do the book you should get them straightened out. I assume that the second idea is the dominant one and then I would suggest that you seriously have a section in your Introduction which poses the opposite hypothesis, namely, why would we ever expect them to be different. There are a lot of reasons why we should--adaptation to market niche, the idiosyncrasy or uniqueness of complex institutions such as an organization, the uniqueness of every environment regardless of the natural selection pressures for unique adaptation, and so on. You also have to face the issue of whether a finding of isomorphism is merely because of a retreat to a higher level of generality or more inclusive set of organizations. Presumably the "western organizational model" that Westney will speak of is more isomorphic than the actual organizations in the separate countries merely because of the level of generality. I would also watch out to make sure that you do not deal only with the non profit sector. The overwhelming emphasis is upon the non profit sector in the outline. Hope this helps.

Sincerely,
Charles Perrow

date - find necessary domain during introduction
find that more detailed don't miss anything
ask page don't mention of OTM as related to study

define natural selection
ask page don't mention of OTM as related to study
Person writes that orgs are becoming more alike for profit examples

CI:mwl



Charles Perrow



Art Stinchcombe



John Meyer



Harrison White



Randy Collins



Dan Chambliss

ASR*

AMERICAN
SOCIOLOGICAL
REVIEW

Sheldon Stryker, Editor
Larry J. Griffin, Deputy Editor

October 18, 1982

Professor Walter W. Powell
Yale School of Organization and Management
Box 1A
Yale University
New Haven, Connecticut 06520

Dear Professor Powell:

In general, I like what you have accomplished in the revision of your paper, with Paul DiMaggio, "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields." While I am certain the paper could be reduced in size by a few pages with a bit of tightening up of the language, and that references might well be sensibly reduced somewhat more than they have, I am not inclined to push either matter given that I think the essay now makes its argument clearly, suggests both the continuity and the change from previous work and from alternative frames, etc. In short, I think it is a first-rate paper.

As the foregoing suggest, I can now accept your paper for publication in ASR and will be turning it over to my Copy Editor, Bob Kuhn, in order that it be prepared for publication. Bob will copy edit the paper and will then send it to you. Please read the copy-edited manuscript carefully answering whatever questions Bob may have, etc. ASR authors do not get either galleys or page proof, so the copy edited manuscript must be right in order to avoid the costs of changes made at a later stage in the production process.

It is not clear to me when I can schedule your paper for publication. The December issue is complete, and there is more than enough material on hand for the February and April issues. I would like to get your paper ready in time to be published in February in the event that considerations of "balance" and "fit" make it sensible to actually publish it then. More likely, however, it will not be published until April and may even have to be delayed until June.

Sincerely,



Sheldon Stryker
Editor

SS/as

OCT 13 1982 Office Copy - Please Return

Running Head: Institutional Isomorphism

THE IRON CAGE REVISITED: INSTITUTIONAL ISOMORPHISM
AND COLLECTIVE RATIONALITY IN ORGANIZATIONAL FIELDS

Paul J. DiMaggio & Walter W. Powell

Yale University

Direct all correspondence to: Paul J. DiMaggio and Walter W. Powell, School of Organization and Management, Yale University, Box 1A, New Haven, CT 06520.

A preliminary version of this paper was presented by Powell at the American Sociological Association meetings in Toronto, August 1981. We have benefited considerably from careful readings of earlier drafts by Dan Chambliss, Randall Collins, Lewis Coser, Rebecca Friedkin, Connie Gersick, Albert Hunter, Elisabeth Moss Kanter, Charles E. Lindblom, John Meyer, David Morgan, Susan Ozick, Charles Perrow, Richard A. Peterson, Arthur Stinchcombe, Blair Wheaton, and two anonymous ASR reviewers. The authors' names are listed in alphabetical order for convenience. This was a fully collaborative effort.

~~August 1982~~

~~JJD-Draft~~

Please do not quote without permission.

*After AJS rejected it flat out...

Reception I

- The sheer brilliance and originality of the ideas account for the paper's reception 😊
- Mechanisms — coercive (realist), normative (professions), mimetic (phenomenological)
- Rules, codes, classifications, categories, standards — these are the “stuff” of organizations and they are formally elaborated, instantiated, and come to be taken for granted
- Organizations not simply dependent on or influenced by wider environment, but are constructed in and constituted by the environment
- Fields — in the aggregate, constitute a recognized arena of institutional life. This concept captured both connectedness and structural equivalence (more on this in a moment)

Reception II

Caught a Wave

- Growing skepticism across the social sciences about collective behavior as the aggregation of individual choices, (March & Olsen, 1984)
- Coincided with cultural turn in Sociology, and phenomenological/ cognitive turn in org studies
- Catalyzed by the rise of social constructivism *and* network analysis, which were not previously associated with one another



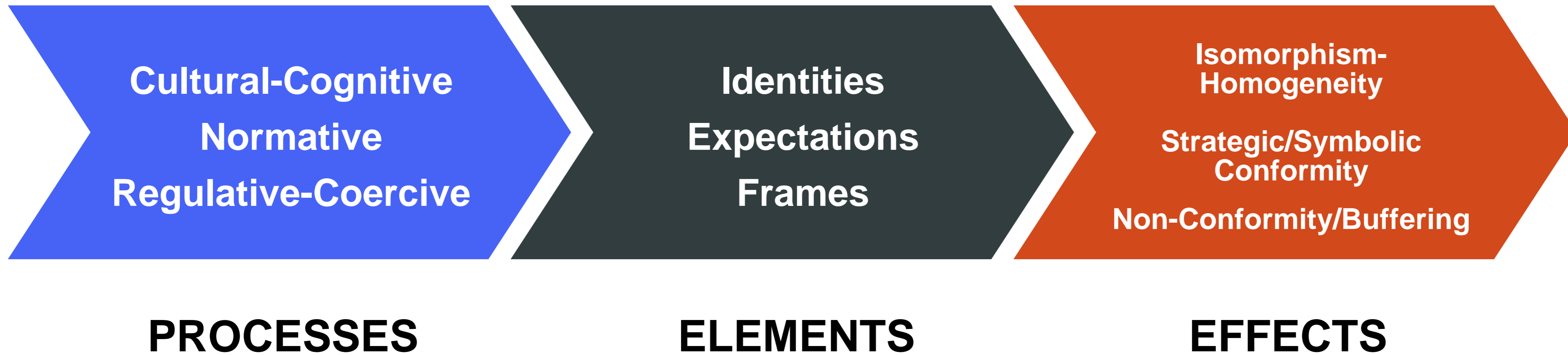
- Helped by the migration of organizational sociologists into management schools — demand for sociological theories
- Lateral diffusion into political science — historical institutionalism, org. economics, education, law, public admin.

Reception III

- Stayed close to our empirical research — grounded in our own and colleagues work on publishers, public TV, nonprofit arts organizations, and community groups (examples from WNET, Met Museum)
- Keep it simple. If we *really* had addressed all the complexities, no one would have read it — i.e. if we knew then what we know now, the paper would not have been as good (or at least not as frequently cited)
- Come up with a catchy title (preferably sampled from Weber, Marx or Durkheim), connections to “theory” literature — Giddens, Parsons, etc.
- The opening unexpected hook — what makes organization so similar?

Institutions

Processes, Elements, and Effects



Keep it Simple: The Iron Cage in 75 Words



- A** If competition is fierce and performance-based selection pressures intense, organizations in the same niche will become similar to one another (Hannan & Freeman).
- B** If not B (*scope condition 1*), organizations may become more similar if:
 - 1.** *Scope condition 2*: They are part of a well structured field AND
 - 2a.** They are subject to common sources of formal or informal regulation (coercive) OR
 - 2b.** Success is either ambiguous or unpredictable (mimetic) OR
 - 2c.** They are sites of active professional projects or subject to certification

Catchy Title: Iron Cage as Trope

- **Forging the Iron Cage** (Abrahamson & Fombrum 1992)
- **The Iron Cage is Emptying** (Bettis, 2000)
- **The Business Case for Diversity & the `Iron Cage`** (Litvin 2002)
- **DeConstructing the Iron Cage – Toward an Aesthetic of Folding** (2002)
- **Constructing the Iron Cage** (Jennings 2003)
- **ISO 9000: Outside the Iron Cage** (Boiral 2003)
- **Enterprise Information Systems as Objects & Carriers of Institutional Forces: The New Iron Cage?** (Gosain 2004)
- **Beyond the Iron Cage** (2005)
- **Inside the Iron Cage (Korean Universities)** (Kim, Shin and Oh 2007)
- **Social Movements Beyond the Iron Cage** (2008)
- **Escape from the Iron Cage** (Ashworth & Boyne 2009)
- **The Iron Cage Exposed** (Bhakoo and Choi)
- **Escaping the Iron Cage** (Marano and Tashman 2015)
- **Tightening or Loosening the Iron Cage** (Paul & Hennig-Thurau 2015)
- **Rage Against the Iron Cage”** (Dobbin, Schrage, Kalev 2015)

How the Iron Cage was Institutionalized

- Initial start in sociology; made connections to others who came to fly under the institutional flag (John Meyer, Dick Scott, Lynne Zucker). Decision to have a big tent. No purity tests!
- UCLA conference; CASBS conference led to The Orange book
- Movement into political science (Thelen, Pierson, Hall etc.) & economics (Gibbons, Williamson, Banerjee) Many institutionalisms!
- Jumping the pond – Scandinavian org studies, especially March & Olsen, Brunsson, Sahlin, and Czarniawska & Sevon, travels and translation of ideas). SCANCOR and EGOS helped a lot.
- Diffusion into management schools
- Connections with social movement research
- Professional schools: law, education, public policy, social work, even nursing, accounting, marketing
- Translations (at least 8 languages) and dozens of reprints

Analytical Moves: Mostly Out of Our Control

- **Up** – higher level of abstraction. World society, global sources of normative authority and mimetic carriers (John Meyer, Nils Brunsson, Gili Drori, Evan Schofer, Patricia Bromley)
- **Down** – microfoundations. How do institutions get inside people's heads? (Powell and Rerup, 2017, connection to sense-making) How are institutions inhabited? (Hallett, Scully & Creed)
- **Around** – massive literature on diffusion of organizational practices, standards, policies, agencies. Spread of C suite jobs, poison pill and golden parachutes (Davis & Greve), all the work by Frank Dobbin and Sandra Kalev on spread of diversity management practices
- **Across** – competing professional jurisdictions, competing missions (For Love or Money, Bowing before Dual Gods)
- **Within** – Institution building, so many labels here. Management school scholars have to teach about things managers do, hence they focus on agency, so we get institutional entrepreneurship, institutional work, emotions, paradox, etc.

Friendly Fire: If We Reviewed “The Iron Cage” for ASR Today, What Would We Say?

- Coercive isomorphism sounds like “resource dependence”
- *Why are there so few kinds of organizations?* Give us a break! But what a catchy hook!
- “Every exit is an entrance somewhere else” (March) – i.e. for a new process to be institutionalized, something else may have to be de-institutionalized: need an equivalent theory of *de-institutionalization*
- Do similar mechanisms apply to heterogeneity and differentiation? (Lindblom)
- What happens when the three mechanisms work at cross purposes – e.g. when different groups of professionals clash? Recombination and invention? When does diffusion *not* lead to institutionalization?
- Institutionalization works at different levels: institutionalization of a practice at the department level can impede institutionalization of another practice at a higher level of analysis. Myriad ways in which isomorphism leads to (unintended) diversity.
- Additional mechanisms: Proselytizing (championing, broadcasting), Convening (agenda-setting)

Problem of Heterogeneity

- **System breakdown** – Frank Dobbin on responses to Great Depression; Scott & Ruef on healthcare industry; the decline of democracy today
- **Diversity from inequality** – different norms for different ranks (work on professionals; Rawlings on university departments)
- **Things that never get standardized** – What classes of structures and practices are more or less subject to institutional pressures?
- **Diversity from oscillating or multiple institutions** – Swidler on marriage – as love of life (binary legal institutions) and as journey and struggle (therapeutic institutions) – people know and can shift among schema (Friedland and Alford; White; Mische)
- **Change that is itself institutionalized** – institutionalized innovation in science, institutionalized conflict, planned randomization (decentralization, skunkworks, “genius grants,” etc.)

Thinking About Fields

- The critical importance of reference groups in the social construction of fields – when do orgs look up and when do they look across?
- Krens at Guggenheim, emulating novelty and excellence
- UPS w logistics, novelty becomes copied and then controls us (AMAZON)
- Biotech firms that innovated (cross-domain transposition)
- If reference groups are constructed, do organizational networks form through status homophily and cultural homophily (even if they seek functional complementarity?)
- What can we learn from diffusion research? When do small-world properties of organizational systems lead to inter-field contagion? Simple vs. complex contagions (Centola & Macy)
- Careers and analogies as boundary-crossers; amphibious entrepreneurs
- Who can be transgressive and when?

New Directions

- **Emergence.** Institutions should not be merely regulative (i.e., locking in last year's victories). They need to also be seen as combinations of rules and practices, which have the potential to migrate and be picked up in new settings leading to invention. Deeper appreciation of transposition and poisedness. Fields as social constructions with contentious boundaries.
- **Microfoundations** work draws on the neglected ideas of Sudnow and Garfinkel, builds on Weick, to develop an account of “practical action,” (i.e., interaction rules or protocols that allow signals, tags, meanings to be shared or passed).
- **Networks** — the skeleton of institutions (Oberg and Powell, 2017). Just as institutions condition the formation of relationships, networks of affiliations and rivalry are the source of horizontal distinctions among categories of individuals and organizations, as well as vertical status distinctions.



Thanks for your attention!