

Discourse and Institutions¹

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In this paper, we argue that the processes underlying institutionalization have not been adequately investigated and that discourse analysis provides a coherent framework for such investigation. Accordingly, we develop a discursive model of institutionalization that highlights the relationship between texts, discourse, institutions and action. Our model begins with the relationship between action and discourse, and argues that action primarily affects discourse through the production of texts that are drawn on by other actors and subsequently become embedded in broader discourses. We go on to argue that discourse affects action through the production of institutions, which are associated with self-regulating mechanisms that constrain their meaning and enforce their usage. Based on this discursive model, we propose a set of conditions under which institutionalization processes are most likely to occur and conclude the paper with an exploration of the model's implications for other areas of research.

Introduction

In this paper, we use discourse analysis to examine the process of institutionalization. We argue that language is fundamental to institutionalization: institutionalization occurs as actors interact and come to accept shared definitions of reality and it is through linguistic processes that definitions of reality are constituted (Berger & Luckmann, 1967). Despite this connection between institutions and language, most institutional theory has been dominated by realist investigations in which the examination of organizational practices has been disconnected from the discursive practices that constitute them. As a result, institutional research has tended to focus on the effects rather than the process of institutionalization, which largely remains a “black box” (Zucker, 1991). Our aim in this paper is to use a discourse analytic framework to better understand how institutions are produced and maintained.

We argue that discourse analysis provides a coherent framework for the investigation of institutionalization. We develop a discursive model of institutionalization that highlights the relationship between discourse and social action through the production and consumption of texts. We argue that the tendency among institutional theorists has been to define the concept of institution in terms of patterns of action, whereas we believe that institutions are constituted through discourse and that it is not action *per se* that provides the basis for institutionalization, but rather the texts that describe and communicate those actions. It is primarily through texts that information about actions is widely distributed and comes to influence the actions of others. Institutions can, therefore, be understood as products of the discursive activity that influences actions. Using discourse analysis we are therefore able to develop a model of institutionalization that shows the conditions under which institutionalization processes are most likely to occur.

In this article, we make a number of contributions. First, we develop a model that identifies the micro-processes whereby individual actors affect the discursive realm through the production of texts, as well as the processes through which discourses provide the socially constituted, self-regulating mechanisms that enact institutions and shape individual behavior. Second, in using discourse analysis (e.g., Fairclough, 1992; Parker, 1992), we highlight an alternative understanding of social construction to that of Berger and Luckmann (1967) that is better able to explain the production of the types of institutions that feature in most institutional research. Third, our model provides a methodological contribution: it can be readily connected to the sophisticated techniques developed in discourse analysis for analyzing the social dynamics of language and meaning, which make it possible to complement the study of institutional effects with empirical studies of how institutionalization processes actually occur. Finally, our paper illustrates the contributions that studies of language, and especially the use of discourse analysis, can make to the study of organizing. Despite the implicit concern in organizational research with language and texts since the 1950s (e.g., Dalton, 1959), linguistic approaches have so far found it difficult to engage with contemporary mainstream management theorizing. Our paper not only shows the ways in which discourse analysis connects with institutional theory – a well accepted body of literature in organization theory – it also shows how institutional theory can benefit from a linguistic perspective.

We present our arguments in three sections. First, we provide an overview of discourse analysis highlighting several ideas that we believe are of significant value in understanding institutions. Next, we develop a discursive model of institutionalization. We integrate concepts from discourse analysis and institutional theory to construct a model of the relationships between action, texts, discourse and institutions. Finally, we discuss the implications of this model for the

study of institutional fields and institutional entrepreneurship, as well as for the study of language in and around organizations.

Discourse Analysis

Like many other terms in social science, “discourse” and “discourse analysis” are used in a variety of ways in different literatures (van Dijk, 1997a). In a general sense, discourse refers to practices of writing and talking (e.g., Woodilla, 1998). Such a broad definition, however, is not very useful for our purposes. Instead, we draw on Parker’s (1992: 5) definition of a discourse as “a system of statements which constructs an object”. Discourse “‘rules in’ certain ways of talking about a topic, defining an acceptable and intelligible way to talk, write or conduct oneself” and also “‘rules out’, limits and restricts other ways of talking, of conducting ourselves in relation to the topic or constructing knowledge about it” (Hall, 2001: 72). In other words, discourses “do not just describe things; they *do* things” (Potter & Wetherell, 1987: 6) through the way they make sense of the world for its inhabitants, giving it meanings that generate particular experiences and practices (Fairclough, 1992; van Dijk, 1997b).

Discourses, put simply, are structured collections of meaningful texts (Parker, 1992). In using the term text, we refer not just to written transcriptions but to “any kind of symbolic expression requiring a physical medium and permitting of permanent storage” (Taylor & Van Every, 1993: 109). For a text to be generated, it must be inscribed – spoken, written or depicted in some way – “thus taking on material form and becoming accessible to others” (Taylor et al., 1996: 7) Talk is therefore also a kind of text (Fairclough, 1995; van Dijk, 1997a) and, in fact, the texts that make up discourses may take a variety of forms, including written documents, verbal reports, artwork, spoken words, pictures, symbols, buildings and other artifacts (e.g., Fairclough, 1995; Taylor et al., 1996; Grant et al., 1998; Wood & Kroger, 2000).

Discourses cannot be studied directly – they can only be explored by examining the texts that constitute them (Fairclough, 1992; Parker, 1992). Accordingly, discourse analysis involves the systematic study of texts – including their production, dissemination and consumption – to explore the relationship between discourse and social reality. The centrality of the text provides a focal point for data collection – one that is relatively easy to access and amenable to systematic analysis (van Dijk, 1997b; Phillips & Hardy, 2002). Discourse analysis does not, however, simply focus on individual or isolated texts because social reality does not depend on individual texts, but on *bodies* of texts. Discourse analysis therefore analyzes collections of texts, the ways they are made meaningful through their links to other texts, the ways in which they draw on different discourses, how and to whom they are disseminated, the methods of their production, and the manner in which they are received and consumed (Fairclough, 1992; Phillips & Hardy, 2002; van Dijk, 1997).

Discourse analysis has proven a useful theoretical framework for understanding the social production of organizational and interorganizational phenomena (e.g., Alvesson & Kärreman, 2000; Grant, Keenoy & Osrick, 1998; Hardy & Phillips, 1999; Morgan & Sturdy, 2000; Mumby & Clair, 1997; Phillips & Hardy, 1997, 2002; Putnam, & Fairhurst, 2001). It explores how the socially produced ideas and objects that comprise organizations, institutions, and the social world more generally are created and maintained through the relationships among discourse, text and action. Accordingly, it involves not just “practices of data collection and analysis, but also a set of metatheoretical and theoretical assumptions and a body of research claims and studies” (Wood & Kroger, 2000: x) that not only emphasizes the importance of linguistic processes, but also understands language as fundamental to the construction of social reality (Chia, 1999; Gergen, 1999; Phillips & Hardy, 2002).

Discourse analysts have adopted a wide range of approaches that range from “micro” analyses, such as linguistics, conversation analysis, narrative analysis, through ethnographic and ethnomethodological approaches, to the more “macro” study of discourse associated with Foucault (for different categorizations of approaches to discourse analysis see Alvesson & Kärreman, 2000; Jaworski & Coupland, 1999; Phillips & Hardy, 2002; Putnam & Fairhurst, 2001; Wetherell, 2001; Woodilla, 1998). The approach that we develop in this paper is a form of critical discourse analysis (e.g., Fairclough, 1992; 1995; Fairclough & Wodak, 1997; van Dijk, 1993; 1996). It draws on Foucault’s work in arguing that the social world and the relations of power that characterize it are determined by the discursive formations that exist at a moment in time. Critical discourse analysts argue, however, that regardless of how complete a discourse may appear; in fact, discourses are always the subject of some degree of struggle (Grant et al., 1998). They are, therefore, never completely cohesive and never able to determine social reality totally. Instead, a substantial space exists within which agents can act self-interestedly and work towards discursive change in ways that privilege their interests and goals (Mumby & Clair, 1997). Hence there is always the possibility that actors can influence discourses through the production and dissemination of texts (Fairclough, 1992).

In summary, we assume that there is a mutually constitutive relationship between discourse, text, and action: the meanings of discourses are shared and social, emanating out of the actions of actors in producing texts; at the same time, discourse gives meaning to these actions, thereby constituting the social world (Phillips & Hardy, 2002). These relationships provide the basis for a set of methods of data collection and analysis that can be used to explore the multi-faceted processes through which social entities, such as organizations and institutions, emerge (Wood & Kroger, 2000; Phillips & Hardy, 2002).

A Discursive Model of Institutionalization

In this section, we combine the insights of institutional theory with a discourse analytic perspective to develop a model that explains processes of institutionalization. We first provide an introduction to the key concepts of institution and institutionalization. Second, we provide an overview of the relationships between action, texts, discourse and institutions. Third, building on this framework, we go on to address the discursive effects of action and, finally, the institutional effects of discourse. We formalize our discussion in a set of propositions that together explicate the role of discourse in processes of institutionalization.

Institutions and Institutionalization

Broadly speaking, institutions are defined as conventions that are self-policing (e.g., Douglas, 1986). Within the tradition of new institutional theory, institutions are defined more specifically as “historical accretions of past practices and understandings that set conditions on action” through the way in which they “gradually acquire the moral and ontological status of taken-for-granted facts which, in turn, shape future interactions and negotiations” (Barley & Tolbert, 1997: 99; also see DiMaggio & Powell, 1991; Jepperson, 1991; Leblebici, Salancik, Copay & King, 1991; Meyer & Rowan, 1977; Zucker, 1977). Institutions influence behavior because departures from them “are counteracted in a regulated fashion, by repetitively activated, socially constructed, controls” (Jepperson, 1991: 145). In other words, deviation from the accepted institutional order is costly in some way, and the more highly institutionalized a particular social pattern becomes; the more costly are such deviations (Lawrence, Winn & Jennings, 2001). Institutions involve mechanisms that associate non-conformity with increased costs in several different ways: “economically (it increases risk), cognitively (it requires more thought), and socially (it reduces legitimacy and the access to resources that accompany

legitimacy)” (Phillips, Lawrence & Hardy, 2000: 28). Thus, institutions are differentiated from other patterns of social action that are not subject to such self-regulating controls.

The idea that institutions are social constructions, produced through meaningful interaction, forms the foundation of the institutional theory literature (e.g., Meyer & Rowan, 1977). Extending this observation from our discursive perspective, institutions are not just social constructions, but social constructions constituted through discourse (Kress, 1995; Parker, 1992). As Fairclough (1992) has noted, discourse constructs its own conventions, making sense of reality through the way it rules in or out certain ways of thinking and acting.

A social institution is an apparatus of verbal interaction or an “order of discourse” ... Each institution has its own set of speech events, its own differentiated settings and scenes, its cast of participants, and its own norms for their combination ... It is, I suggest, necessary to see the institution as simultaneously facilitating and constraining the social action of its members: it provides them with a frame for action, without which they could not act, but it thereby constrains them to act within that frame. (Fairclough, 1995: 38).

In other words, discourses make certain ways of thinking and acting possible, and others impossible or costly. When sanctions are sufficiently robust, an institution exists. This is not to say, however, that all products of discourse are institutions; or that everything that is socially constructed is automatically institutionalized. What differentiate institutions from other social entities that are constituted in discourse are the self-regulating, socially constructed mechanisms that enforce their application (Jepperson, 1991). In other words, while all institutions are discursive products, not all products of discourse are institutions. There are many products of discursive processes that do not have the socially constructed controls that characterize

institutions, distinguishing them from the multitude of other social constructions that make up the social world.

Institutionalization is the process by which institutions are produced and reproduced. It is a “social process by which individuals come to accept a shared definition of social reality” that enacts an institution (Scott, 1987: 496). To study institutionalization is to focus upon “the creation and transmission of institutions [and] upon their maintenance and resistance to change” (Zucker, 1991). However, institutional theory has repeatedly been criticized for telling us very little about the processes of institutionalization (Bachrach, Bamberger & Sonnenstuhl, 1996; Barley & Tolbert, 1997; Greenwood & Hinings, 1996; Hoffman, 1999). The work that has been done has tended to have a behavioral focus. For example, Barley and Tolbert (1997) examine how patterns of interaction lead to the emergence of a new institution, arguing that social behaviors constitute institutions over time, while institutions constrain action at a moment in time. As the authors themselves admit, however, their emphasis relegates interpretation to the background and, we would argue, completely ignores the role of language even though other institutional theorists have argued that language is integral to institutionalization (Kress, 1995; Scott, 2000; Yates & Orlikowski, 1992; Zucker, 1991).

Using a discursive perspective, we conceive of institutions as being constructed primarily through the production of texts, rather than directly through actions. Actions do not easily allow for the multiple readings by multiple individuals that are necessary if ideas for organizing are to be transmitted across time and space. Texts, on the other hand, do (Taylor & Van Every, 1993). Texts allow thoughts and actions to transcend “the essentially transitory character of social processes” and to cross “separate and diverse local settings” (Smith, 1990: 168). In other words, actions may form the basis of institutionalized processes but, in being observed and interpreted,

written or talked about, or depicted in some other way, texts are generated (Taylor et al., 1996) and mediate the relationship between action and discourse. Accordingly, we argue that institutions are constituted by the structured collections of texts that exist in a particular field and that produce the social categories and norms that shape the understandings and behaviors of actors.²

Palmer, Jennings and Zhou's (1993) study of the adoption of the multi-divisional form by US corporations in the 1960s provides an example of institutionalization that shows the central role of texts, as well as the link between discourse and institutions. First, the production and diffusion of texts are associated with all three isomorphic pressures that played a role in the institutionalization process. The authors argue that normative pressures operated through the elite business school training of senior executives in which the use of Chandler's (1962) book on the multi-divisional form was particularly important. In other words, this particular text – as well as countless lectures and seminars at US business schools based upon it – influenced the institutionalization of the multi-divisional form. Mimetic pressures stemmed from the interlocking directorships that brought directors from different companies together. While these directors may have witnessed some aspects of the multi-divisional form directly, we argue that most of what they knew about their own companies, and especially other companies, would have come from texts such as organizational charts, reports, conversations, and stories, etc. Finally, the authors argue that resource-dominant firms exerted coercive pressures on partners to adopt the same structure because it made it easier to obtain and evaluate information from individuals

² This is not to say that no institutions are formed without texts, for example, institutions that govern behavior in non-literate societies. However, the types of institutions that form the basis of most studies in institutional theory – civil service reform (Tolbert & Zucker, 1983), museums (Di Maggio, 1991), radio broadcasting (Leblebici, et al., 1991), changes in the institutionalized practices in the accounting profession (Greenwood, Suddaby & Hinings, 2001) and the sponsorship of common technological standards (Garud, Jain & Kumarswamy, 2001) – will be associated with the production of texts.

in analogous organizational roles; while banks used ownership-based power to pressure firms to adopt the multi-divisional form because it facilitated diversification, minimizing risk and the likelihood of loan defaults. We argue that these coercive pressures would have been mediated through texts, such as organizational charts, reports, accounts, etc. In other words, the institutionalization of the multi-divisional form did not occur because actors in the various organizations directly observed it in action, but because of the accumulation of business, professional and academic texts that explained, legitimated, validated, and promoted it.

Second, the institutionalized practices and understandings that constitute the multi-divisional form are the products of discourse. The numerous texts discussing the effectiveness of this form, explaining its use by leading firms, presenting endorsements by academics and business leaders, as well as a whole range of other textual production produced the broad discourse of the multi-divisional form. By this, we mean that collections of texts existed that shaped widespread understandings of what the multi-divisional form comprised. As managers increasingly thought in terms of organizing their companies in this way and instituted changes in ways consistent with it, the discourse brought the multi-division form into being. Over time, the discourse constituted the multi-divisional form as an institution because the costs of not adopting it increased. For example, not adopting the form led to questions of legitimacy arising from the potential reasons why the company was not adopting the accepted practice (social costs); it led to banks not being willing to invest or other companies not willing to collaborate (economic costs); and, compared to adopting a “ready made” structure, a significant amount of thought and effort would be needed to devise and implement an alternative structure (cognitive costs). Thus the discourse of the multi-divisional form constituted an institution, leading to patterned action

across a broad institutional field as firms increasingly adopted this taken-for-granted and legitimate structure.

This mutually constitutive relationship between action, texts, discourse and institutions is depicted in Figure 1. Institutionalization does not occur through the simple imitation of an action by immediate observers, but through the creation of supporting texts that range from conversational descriptions among co-workers and colleagues to more elaborate and widely distributed texts such as manuals, books, and magazine articles. Accordingly, the upward, diagonal arrows illustrate how the actions of individual actors affect the discursive realm through the production of texts, some of which leave meaningful traces that become embedded in new or existing discourses. In turn, discourses provide the socially constituted, self-regulating mechanisms that enact institutions and shape the actions that lead to the production of more texts. Thus, the discursive realm acts as the background against which current actions occur – enabling some actions, constraining others (as illustrated by the downward, vertical arrows in Figure 1).

Insert Figure 1 about here

This discursive understanding allows us to explore in greater detail the dynamics of institutionalization and, more specifically, the roles of action, texts and discourse. We first investigate the discursive effects of action. If actions affect discourse through the production of texts, then the critical questions are: which types of actions are more likely to produce texts that leave meaningful traces, and which texts are more likely to influence discourses? We then assess the institutional effects of discourse. If discourses affect action through the production of institutions, then the critical question becomes: which forms of discourse are most likely to produce institutions?

The Discursive Effects of Action

We have argued above that action affects discourse through the production of texts. However, although countless actions in organizational settings are associated with some form of textual representation, the effect of many of these texts will be localized, limited and inconsequential. Accordingly, in studying institutionalization, we are not interested in all actions, but in those actions that are more likely to produce texts that, in turn, are more likely to influence discourse. What we wish to understand “is not the fleeting event, but rather the meaning which endures” (Ricoeur, 1981: 134). Taylor and Van Every (2000: 96) argue that “discourse is built up progressively” as texts move from the local to the global: only actions that produce texts which link “the immediate circumstances of organizational conversations to the organizing properties of the [larger] network in which they figure” are likely to have the potential to influence discourses (Cooren & Taylor, 1997: 223). In this section, therefore, we first explore which types of action are likely to produce texts that, in Taylor and Van Every’s terms (2000: 289) leave “traces”, and, second, which types of texts are likely to act as organizing mechanisms across individual situations.

The production of texts. In this section, we examine the types of actions that are most likely to be associated with the production of texts that leave traces. Many actions produce texts, but these texts often produce little or no enduring residue – simple, unsurprising actions that have little consequence for the actors directly involved or for anyone else – and are unlikely to generate wider description, commentary or interpretation (Ashforth & Fried, 1988). Accordingly, while organizations produce multitudes of texts, many of which are never seen by more than a handful of people and have no broader impact. For the purposes of understanding organizing and institutionalizing properties, studying these actions are not helpful. As Taylor & Van Every

(2000: 292) point out: “A text that is not read, cited or used, is not yet a text.” In other words, texts must be distributed and interpreted by other actors if they are to have organizing properties and the potential to affect discourse.

Certain types of actions are more likely to generate texts that are disseminated and consumed more widely whether they are specialized texts produced in response to a particular event or at a particular time or more commonplace texts that are produced as part of regular organizational routines. From a discursive perspective, texts that leave such traces are more likely to be “taken up” (Cooren & Taylor, 1997) as they go through successive phases of “textualization” (Taylor et al., 1996) or “recontextualization” (Iedema & Wodak (1999) by being disseminated among multiple actors. It is only through this process that local texts, which have to be interpreted indexically by speakers in order to convey meaning, become global in that they represent a more widely shared symbol system (Taylor & Van Every, 2000). The reality of the social world thus “gains in massivity in the course of its transmission” (Berger & Luckmann, 1966: 79) in processes that “render semiotic devices increasingly ‘objective’”, abstracting meaning away from the specific actions that gave rise them so they become “taken for granted and blackboxed” (Iedema & Wodak, 1999: 11).

Drawing on two streams of interpretivist work that form important underpinnings for linguistically oriented management and organization theory – Weick’s (1995) work on sensemaking and Berger & Luckman’s (1966) work social construction of reality – we can identify two characteristics of actions that lead to the production of texts that leave traces: actions that are novel or surprising and therefore require significant organizational sensemaking; and actions that affect an organization’s legitimacy (e.g., Livesey, 2002). Below, we discuss each characteristic in turn (See Figure 2 for an overview of the model we are proposing).

Insert Figure 2 about here

First, Weick's (1979; 1995) work on sensemaking – the social process by which meaning is produced – has recently been recognized as having an important contribution to make to organizational discourse analysis (e.g., Brown, 2000, forthcoming). Making sense, from Weick's perspective, is a textual process:

As Weick is frequently quoted as saying: 'How can I know what I think until I see what I say?' In other words, thinking is not knowledge until it has been textualized (notice the curious choice of the verb *see* rather than *hear* in the aphorism – the 'what I say' must have been made text, in the generic sense of that term, before it could be 'seen'") (Taylor & Van Every; 2000: 252)

Sensemaking involves the retrospective interpretation of actions (Weick, 1979; 1995) and is triggered by surprises, puzzles or problems: occasions for sensemaking involve "novel moments in organizations [that] capture sustained attention and lead people to persist in trying to make sense of what they notice" (Weick, 1995: 86). It tends to relate to new and novel actions, such as when accidents and crises generate reports to enable actors to understand what happened and for corrective changes to be made (Gephart, 1993; Weick, 1993).

Sensemaking is a linguistic process: "Sense is generated by words that are combined into the sentences of conversation to convey something about our ongoing experience" (Weick, 1995: 106), and involves narratives (Brown, 2000), metaphors (Donnellon et al., 1986), and other symbolic forms (Rhodes, 1997) that produce texts that leave traces. For example, innovators who depart from prior practice intervene proactively in the organization to promulgate new explanations of social reality (e.g., Aldrich & Fiol, 1994), often by writing reports or making presentations of their work. Managers enhance the understanding of new practices by

“continually articulating stories” that “illustrate its reality” (Pfeffer, 1981: 23). Organizational learning generates written and oral texts (Brown & Duguid, 1991; Hendry, 1996; Larsson et al., 1998; Powell, Koput & Smith-Doerr, 1996). Similarly, uncertainty requires participants to arrange their experiences into coherent accounts (c.f., Scott & Lyman, 1968) that furnish plausible explanations for particular activities (Scott, 1991; Wuthnow, Hunter, Bergesen & Kurzweil, 1984). Operational and strategic reviews are used to make sense of past and future performance (Dutton & Ashford, 1993; Dutton & Duncan, 1987; Gioia & Thomas, 1996). In other words, the need for organizational sensemaking will generate texts that leave traces, as summarized below:

Proposition 1: Actions that require organizational sensemaking are more likely to result in the production of texts that are widely disseminated and consumed than actions that do not.

A second important influence in the development of linguistically oriented studies of organizations is the work of Berger & Luckmann (1966) on social construction (e.g., Boyce, 1996; Iedema & Wodak, 1999; Taylor & Van Every, 2000). These authors, who have also been influential in the field of institutional theory, emphasized the importance of legitimation in processes of social construction as individuals construct “explanations and justifications for the fundamental elements of their collective, institutionalized existence.” (Boyce, 1996: 5). This need occurs as constructions of reality are passed on to new generations (Berger & Luckman, 1966) or observers in the wider community (Taylor & Van Every, 2000).

The necessity of legitimation derives from the interestedness that arises from the occupation of an organizational territory, the transformations of locations into turf, and the fact of competition for limited resources that is restrained only by the

transcendent interest in maintaining the integrity of the territory as a whole, in the face of external threats to it (Taylor & Van Every, 2000: 292).

Accordingly, actions that lead actors to try to gain, maintain or repair legitimacy are likely to result in the production of texts that leave traces. In such cases, texts are produced in order to establish, verify or change the meaning associated with the action. As Suchman (1995) argues, the management of legitimacy depends on communication as actors instrumentally deploy evocative symbols to garner legitimacy (e.g., Ashforth & Gibbs, 1990; Dowling & Pfeffer, 1975; Pfeffer, 1981). Impression management theorists (Goffman, 1973; Schlenker, 1980; Tedeschi, 1981) show how people manage their personal legitimacy by providing verbal explanations of behavior following image-threatening events (Leary & Kowalski, 1990). More recently, theorists have proposed that organizational spokespersons use similar tactics to manage organizational legitimacy (Elsbach & Sutton, 1992; Staw, McKechnie & Puffer, 1983). So, for example, Elsbach and Sutton (1992) examine how radical social movement organizations conduct press conferences or nonviolence workshops to account for illegitimate protest actions. Similarly, Elsbach (1994) describes how spokespersons from the California cattle industry used verbal accounts to manage perceptions of organizational legitimacy following events that called into question the legitimacy of the beef industry.

These examples relate to legitimacy “crises” where new or unusual actions call legitimacy into question and organizations are actively engaged in gaining or repairing it, but the need to maintain legitimacy also generates many routine reports, without which legitimacy might be called into question. Accordingly, organizations provide regular reports on a wide range of actions including, for example, organizational effectiveness (Scott, 1977), automobile emission standards, hospital mortality rates, academic test scores (Scott & Meyer, 1991), financial

performance and CEO pay (Ocasio 1999; Porac, Wade & Pollock, 1999). In other words, texts that leave traces – which include written, and verbal reports, as well as other symbolic forms of communication – are likely to be generated in order to secure and maintain legitimacy; without such texts, organizations cannot signal to internal and external members of the organization that their activities are legitimate. Therefore:

Proposition 2: Actions that affect perceptions of the organization’s legitimacy are more likely to result in the production of texts that are widely disseminated and consumed than actions that do not.

The embedding of texts in discourse. The second issue we must consider involves the question of whether the texts that are generated will subsequently influence discourse since, even if an action leads to the production of texts, those texts will not necessarily have any discursive impact. We are therefore interested in which types of texts become “fixated” (Ricoeur, 1981; 1986) or embedded in discourse. Embedding refers to the extent to which texts are adopted and incorporated by other organizations to become part of standardized, categorized, generalized meanings. An embedded text is no longer simply an artefact of a particular network of actors; it has been transformed into “a *fact* – just part of reality in that organizational world” (Taylor et al., 1996: 27). Or, to put it another way, a text has become embedded when it is used as an organizing mechanism across individual situations. Only certain texts will ever become embedded in discourse to form the prescriptive basis of institutions by framing the understanding and experience of actors in different organizations and shaping the way in which they act in and upon the social world. We argue that differences in the processes and characteristics of their production will make some texts more likely to embed in discourse. Accordingly, in this section

we focus on the factors that affect the likelihood of texts influencing broader discourses outside the organization through the way in which other actors use and reproduce them.

One set of factors that affect the likelihood of a text becoming embedded in a broader discourse relates to the characteristics of the producer of the text (Taylor et al., 1996). Three characteristics in particular make it more likely that a text will become embedded. First, the actor may occupy a position that “warrants voice” (Potter & Wetherell, 1987; Hardy, Palmer & Phillips, 2001): to be recognized as a legitimate agent, the producer of the text must ensure that their “right to speak” becomes “consensually validated” (Taylor et al., 1996: 26). Hardy and Phillips (1998) refer to this characteristic as the discursive legitimacy of the actor. Examples include “environmental groups such as Greenpeace [which] can affect public understanding, attract media attention and pressure the government, because they are understood to be speaking on behalf of the environment” (Hardy & Phillips, 1998: 219); or consumer reports, where the producers are deemed to be neutral and independent (Rao, 1994). Second, the producer of the text may be able to make the text “stick” through more coercive means. One example is the use of scarce resources (Pettigrew, 1973; Pfeffer & Salancik, 1978), such as when, for example, a large trading partner or major customer imposes texts on weaker organizations. Another example is the imposition of formal authority, as in the case of the state (DiMaggio & Powell, 1983). Third, a producer may be able to add texts to a discourse because of their central position in the network of organizations that constitutes an institutional field (Galaskiewicz, 1979; Nohria & Eccles, 1992; Wasserman & Galaskiewicz, 1994) because they can more easily disseminate their texts to a large number of other actors. Summarized as a proposition:

Proposition 3: Texts that are produced by actors who are understood to have a legitimate right to speak, who have resource power or formal authority, or who are centrally located in a field are more likely to become embedded in discourse than texts that are not.

A second characteristic that will influence the likelihood of texts being used by other organizations involves the form or genre of the text (Hardy & Phillips, In press). Genres (Bakhtin, 1986) are recognized types of communication characterized by particular conventions that are invoked in response to a recurrent set of circumstances, such as letters, memos, meetings, training seminars, resumes, and announcements (Fairclough, 1992; Yates & Orlikowski, 1992; 2002). They share similar substance in terms of the topics discussed, and the form they take (Kuhn, 1997), and are an important way of organizing the temporal, spatial, and social dimensions of interaction (Yates & Orlikowski, 2002). Genres are appropriate to a particular situation (e.g., Kuhn, 1997) and time (e.g., Yates & Orlikowski, 1992). Accordingly, when genres “are transformed and preserved in secondary textual forms” (Gephart et al., 2000), those texts that enact a relevant and recognizable genre are more likely to provide other actors with a tool they can use for interpretation, motivating them to use these texts and incorporate them into their own actions and texts. Texts that are idiosyncratic may provide insight for individuals familiar with a particular situation, but will not be easily recognized, generalized or adopted in another situation. Texts that conform to an appropriate genre, on the other hand, will provide an easily recognizable template through the information they contain and the way in which it is structured. Restated as a proposition:

Proposition 4: Texts that take the form of genres, which are recognizable, interpretable, and usable in other organizations, are more likely to become embedded in discourse than texts that do not.

Finally, the relationship of a text to other texts and to existing discourses has a significant effect on the likelihood of it becoming embedded in discourse. The discourse literature argues that a text is more likely to influence discourse if it refers to other established and legitimate texts and discourses, either explicitly or implicitly (Fairclough, 1992), since it evokes understandings and meanings that are more broadly grounded. In this regard, intertextuality (references to other texts) and interdiscursivity (references to other discourses) provide resources that are drawn upon in the text's reception and interpretation (Fairclough, 1995). "It is not just 'the text' ... that shape[s] interpretation, but also those other texts which interpreters variably bring to the interpretation process" (Fairclough, 1992: 85). A text is more likely to influence discourse if it evokes other texts (e.g., Ott & Walter, 2000), while interdiscursivity (Fairclough, 1992) enables a text to draw on other discourses for legitimacy and meaning (e.g., Fairclough, 1992; Livesey, 2002). By producing a text that evokes other texts and discourses, the producer helps to shape the way it will be interpreted and improves the chances that it will be taken up by other actors. The effect of these two aspects of texts can be summarized as follows:

Proposition 5: Texts that draw on other texts within the discourse and on other, well-established discourses are more likely to become embedded in discourse than texts that do not.

The arguments we have made in this section are intended to help explain the way that actions can affect discourse – as indicated by the upward, diagonal arrows in Figure 1 – and so have suggested a number of factors that we believe are critical in this regard. We have argued

that action affects discourse through the production of texts that then become embedded in discourse, potentially reinforcing or altering it. We have suggested that actions are more likely to lead to the production of texts when they are associated with sensemaking and legitimacy, and that texts are more likely to become embedded in discourse when they originate from powerful actors, involve recognizable genres, and draw on existing discourses and texts.

The Institutional Effects of Discourse

We now turn to the issue of how discourse affects action, as indicated by the downward, vertical arrows in Figure 1, and again suggest several critical factors. Specifically, we argue that discourse affects action through the production of institutions – social constructions that embody sets of sanctions that make contradictory actions problematic. Institutions can be more or less institutionalized depending on the strength of these self-regulating mechanisms (Barley & Tolbert, 1997; Jepperson, 1991). This requires us to identify which discourses are most likely to produce social constructions associated with sets of “rewards and sanctions” (Jepperson 1991: 145) that prescribe action. In the following section, we explore some of the factors that make it more likely that a discourse will produce an institution.

The production of institutions. The likelihood that a discourse will produce an institution depends on a number of factors, one of which concerns the internal construction of the discourse itself. Given that a discourse is constituted by a set of inter-related texts, this refers to the way in which – and degree to which – these texts are related to each other; something that can differ widely among different discourses (Fairclough, 1992; Foucault, 1965). Some discourses are more coherent than others, by which we mean that the various texts converge in their descriptions and explanations of the particular aspect of social reality. In addition, some discourses are more structured than others in that the texts that make them up draw on one

another in well-established and understandable ways. Discourses that are more coherent and structured present a more unified view of some aspect of social reality, which becomes reified and taken-for-granted. The more reified and taken-for-granted the social construction, the more difficult or costly it is to enact behaviors that are not consistent with it, either because it is difficult to conceive of and enact alternatives or because proscribed/prescribed behavior can be more clearly defined and connected to clear, strong sanctions/rewards. When texts contradict each other, or when the relationships among them are less clear, their implications for action are necessarily more negotiable regarding definitions of unacceptable actions and their costs.

For example, public accounting discourses are made up of a vast collections of texts, but these texts converge in their presentations of a relatively unified view of many aspects of accounting, and the relationships among them are relatively well defined and understood by the populations who use them (Carpenter & Feroz, 2001). For example, there are clear rules about such issues as what goes on a balance sheet, how auditing is carried out, and how particular costs are calculated. The result is a whole range of socially constructed practices that are reified and taken for granted. Because these widely shared understandings about financial reporting exist in accounting discourse, financial misreporting can be defined easily and penalties exacted in response. In other words, sanctions exist and the discourse has produced a number of institutions. In contrast, consider the discourse of environmental accounting. While it also involves a relatively large (and rapidly increasing) number of texts, this discourse is far less coherent and structured. Although a recognized field of accounting, the concepts that make up environmental accounts and its place in organizations are still not clear. As a result, environmental accounting discourse is too fragmented and diffuse to produce the kind of institutions that are commonplace in public accounting.

This relationship can be restated as a proposition as follows:

Proposition 6: Discourses that are more coherent and structured are more likely to produce institutions than those that are not.

Whereas the previous proposition focused on the internal structure of the discourse, we now turn to the relation between the discourse and other discourses and, in particular, the existence of complementary and contradictory discourses. The degree to which a discourse is supported by other, highly legitimate discourses affects the production of institutions (Hardy & Phillips, 1999), especially if they are well-established discourses that cut across multiple fields and domains. A discourse that is consistent with and supported by other, broader discourses will produce more powerful institutions because their self-regulating mechanisms will reinforce each other. Conversely, the existence of competing discourses reduces the likelihood that a discourse will produce institutions. By a competing discourse, we mean another structured set of inter-related texts that offers alternative social constructions of the same aspect of social reality. We argue that the existence of competing discourses will tend to undermine the power of institutions stemming from the focal discourse because they provide actors with alternative institutions and consequently lower the costs associated with non-adoption of any particular institutions.

To return to the accounting example above, both public accounting and environmental accounting are supported by broader discourses. The discourse of environmental accounting is highly dependent on the existence of a broader discourse of environmentalism. Without it, it is hard to imagine a discourse of environmental accounting at all. However, the discourse of environmentalism is at odds with the much stronger discourses of business and economic development (Livesey, 2002) that underpin public accounting and which construct alternative ideas and practices. As a result, activities that transgress the discourse of environmental

accounting are unlikely to incur significant sanctions if they are acceptable within the discourse of public accounting.

Combining these two arguments, the relation between the discursive context and the production of institutions can be restated as follows:

Proposition 7: Discourses that are supported by broader discourses and are not highly contested by competing discourses are more likely to produce institutions than discourses that are not.

In this section, we have developed a detailed and systematic theorization of the relationship between discourses and institutions. In summary, we argue that institutions both operate within and are produced by specific discourses. Therefore, we argue that institutions represent particular types of discursive objects – those that are accompanied by self-regulating mechanisms that make deviation from accepted patterns of action costly. We argue that the likelihood that a discourse will produce powerful institutions will depend upon the degree to which the discourse is structured and coherent, the degree to which the discourse is consistent with broader discourses, and the existence of competing discourses. In turn, institutions affect action through the self-regulating mechanisms described above and, in so doing, affect the generation of texts. Thus, the relationship between action, texts, discourses and institutions is both recursive and iterative: institutions are constituted in discourse and, to understand the process of institutionalization and how institutions enable and constrain action, we need to understand the discursive dynamics that underlie them.

Implications and Conclusion

In this paper, we have outlined a model of institutionalization that highlights the role of texts and discourse in processes of institutionalization. We have argued that discourse analysis

provides a useful theoretical framework for exploring the social construction of institutions because it explicitly focuses on the process of social construction through which institutions are constituted. Based on our model, we have proposed a set of conditions under which each of the links in our model is most likely to occur: features of actions that lead to the production of texts; features of texts that lead them to become embedded in discourse; and features of discourse that lead to the production of institutions. Although we could not, of course, address all of the factors that might affect this process, our model begins to explain the specific mechanisms through which institutionalization occurs that have not, to date, been explored in detail in the institutional theory literature (Barley & Tolbert, 1997).

Implications for the Study of Language in Organizations

Before considering the implications of our framework for institutional theory, we want to highlight what we believe are two important contributions of this paper to the study of language in organizations. First, in developing a discursive view of institutions, we have developed a more detailed and sophisticated view of texts and their role in mediating between action and discourse than has appeared in the literature up to this point. While various discussions of the nature and role of texts have appeared, the discussion presented here goes further in exploring this important topic. In particular, our arguments concerning the role of texts in connecting action and discourse suggest that a fruitful avenue for language-oriented organizational research would be the detailed exploration of texts. Our model highlights the importance of examining not only the content of texts, which has received significant attention in organizational research, but also their trajectories – where texts emanate from, how they are used by organizational actors, and the connections that are established among texts.

Second, we believe that this paper illustrates the significant potential that exists for a focus on language, and discourse in particular, to contribute to existing theories and concerns within organizational research. To date, research on organizational discourse has failed to connect to broader issues that interest organization and management theorists more generally. Instead, scholarly work on organizational discourse has tended to remain relatively self-referential. While this may have been necessary for organizational discourse to develop a strong set of theoretical and methodological principles, we believe that it is time to integrate its insights into management research more broadly. Institutional theory provides a fertile area for such integration, with its assumptions regarding the socially constructed nature of reality and its interest in the processes through which organizational actors create and respond to social structures. In developing our framework, we have attempted to show not only the common threads that cut across the areas of organizational discourse and institutional theory, but also how systematic, empirically useful theory can be derived from their integration. Thus, we believe our work highlights the fact that the connection between discourse analysis and institutional theory has significant potential for both theory development and empirical research.

A third implication concerns the empirical examination of language in organizational research. We believe that a key strength of the model is that it provides a potential foundation for empirical studies of the proposed links between action, texts, discourse and institutions, using either a qualitative or quantitative research design. For example, each of the proposed links that we have elaborated could form the focus for intensive qualitative investigations that might serve to confirm or refute our arguments, as well as flesh out the details of these complex relationships. Such a qualitative approach might, for instance, examine the link between particular actions carried out in an organization that relate to legitimacy or sensemaking and the texts that are

produced, as well as the subsequent impact of those texts. Alternatively, particular discourses and institutions that affect an organization or sets of organizations could be studied historically by tracing them back to key texts or longitudinally by examining which discourses support the production of institutions over time and how this is influenced by the structure of those discourses and the degree to which competing discourses exist. The model could also inform a quantitative examination of the dynamics of discourse, with the propositions that we have developed forming the basis for a set of testable hypotheses. This would require the assembly of a large enough database of actions, texts, discourses and institutions that systematic comparisons could be made: such a study might most easily be done in the form of a longitudinal study of a small number of large organizations so that other factors might be at least partially controlled.

Implications for Institutional Theory

Our model makes several contributions to institutional theory. In particular, we would like to highlight the potential contributions of a discursive perspective to two key concepts in institutional theory: institutional fields and institutional entrepreneurship. We discuss each of these in turn.

The concept of an institutional or organizational field plays a central role in institutional theory (Phillips et al., 2000). It refers to that idea that a distinct set of organizations shares a set of institutions (DiMaggio & Powell, 1983; Scott, 2000), and has provided a framework for much of the empirical research in this literature. From a discourse analytic perspective, an institutional field is not characterized simply by a set of shared institutions, but also shares a set of discourses that constitute these institutions and the related mechanisms that regulate non-adoption. For each institution there must be a discourse that constitutes it and the associated mechanisms of compliance. In other words, the social space that makes up an entire institutional field is

structured through the same set of discursive processes discussed above with respect to one institution. While Figure 2 is the basic building block of this process, the construction of an institutional field is much more complex because there is not just one discourse, but rather multiple sets of more or less structured discourses holding in place institutions that constrain and enable the behavior of actors across the field.

This discursive framework contributes a very different perspective on the nature and formation of institutional fields than traditional institutional approaches. First, for an institutional field to come into being, a group of organizations must produce and disseminate sufficient texts to constitute a set of discourses that then produce the institutions that characterize the field. For this to happen, complex patterns of textual production and dissemination must develop. An institutional field is therefore as much about the practices of textual production and dissemination as it is about the study of the institutions and their patterns of diffusion across the field. Accordingly, institutional theorists interested in the dynamics of institutional fields need to develop much broader understandings of the discursive processes underlying field development. Second, our discursive framework acknowledges that discourses operating in one particular institutional field can also draw on discourses in other fields and on discourses that span across multiple fields (Lawrence & Phillips, In press). Institutional change at the field level thus becomes a complex process where changes in discourses outside the field, or tangential to it, affect discourses more central to the field in unexpected ways. Such interdiscursivity means that the institutional field is susceptible to the influence of changes in broader discourses. Hence, change in institutional fields may be unpredictable and wide ranging.

The concept of institutional entrepreneurship is another important concept that has received increasing attention from institutional theorists over the last few years (DiMaggio,

1988; Garud, Jain & Kumaraswamy, 2002; Lawrence, 1999). The idea that actors may act to structure their institutional environment in ways that they find advantageous has strong intuitive appeal. However, existing views of institutional entrepreneurship leave its exact nature, and the mechanisms through which institutional entrepreneurs work, undefined. The image of institutional entrepreneurs that is suggested by our model is as authors – generators of influential texts that are aimed at influencing the nature and structure of discourses, and in turn affecting the institutions that are supported by those discourse.³ Thus, a discursive perspective on institutionalization and institutional change can provide considerable insight into what institutional entrepreneurship is and how it might occur.

Based on our discursive model, we would argue that an actor is an institutional entrepreneur when they work to affect the discourses that constitute the institutions or mechanisms of compliance in a particular field in a self-interested way. What is important here is that such activity is not focused on institutions *per se* as there is no way to modify institutions directly. Instead, the actor must work to affect processes of institutionalization through the production of influential texts that change the discourses upon which institutions depend. Institutional entrepreneurship is thus a discursive activity and it requires the entrepreneur to engage directly in the processes of social construction that underlie institutions. Successful institutional entrepreneurs will be those that are skilled at producing convincing texts that become part of central and enduring discourses in the field. Accordingly, institutional entrepreneurs can incorporate a number of strategies to ensure that texts embed successfully. They may produce texts that draw on discourses from other fields, or from society more generally, to produce new institutions or de-legitimate existing institutions. They may also work on producing texts that are accessible and understandable to other actors in the field, or changing

³ Our thanks to an anonymous reviewer for this insight.

how texts are disseminated within the field, maximizing the diffusion of their texts and preventing other actors from being able to disseminate them. They may also work on increasing their legitimacy, resources, formal authority and centrality in order to ensure their texts are acknowledged and consumed.

This concern with ensuring that texts embed reconnects institutional theory to a concern with power and politics. Institutional theory has lost much of the early concern with power that characterized the work of writers like Selznick (1949). Discourse analysis, in a way parallel to the re-emphasis on social construction, refocuses attention on the importance of power in institutional processes (Phillips, In press). Institutionalization processes are often connected to actors with particular strategies and resources who act politically to gain particular ends. This inclusion of issues related to power and politics represents an important way to bridge “old” and “new” institutionalisms (Greenwood & Hinings, 1996) and to develop institutional theory.

In Closing

In this paper, we have begun to explore one theoretical avenue that provides new insight into the dynamics of institutionalization and of language in organizations more generally. Obviously, much more work needs to be done. But, we believe this paper provides an important contribution in beginning the discussion and providing a framework that sensitizes institutional theorists to the critical role of language and texts in institutional processes. It is important to note that the framework presented here does not contradict existing work in institutional theory but complements it. Given the interest in the development of institutional fields and institutional entrepreneurship, institutional theory must begin to pay more attention to these dynamics. Understanding institutional phenomena requires a broader, more comprehensive theory that encompasses stability *and* change in institutions, institutional fields, and institutional effects.

Including a much more developed discursive conceptualization of social construction is one important step towards understanding and exploring these issues.

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FIGURE 1

THE RELATION BETWEEN ACTION AND DISCOURSE

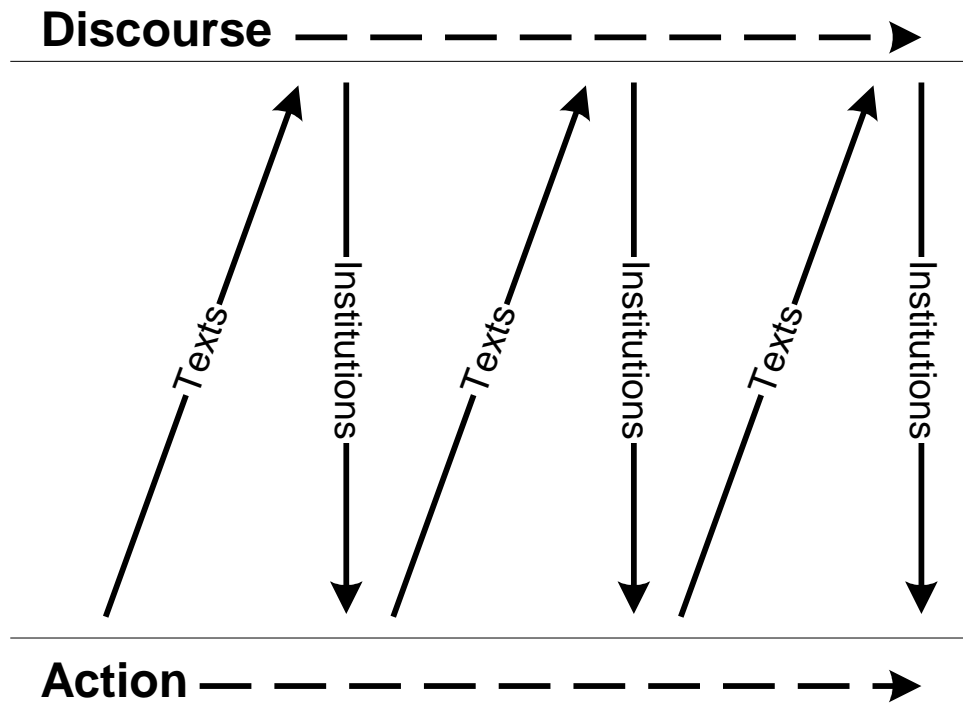
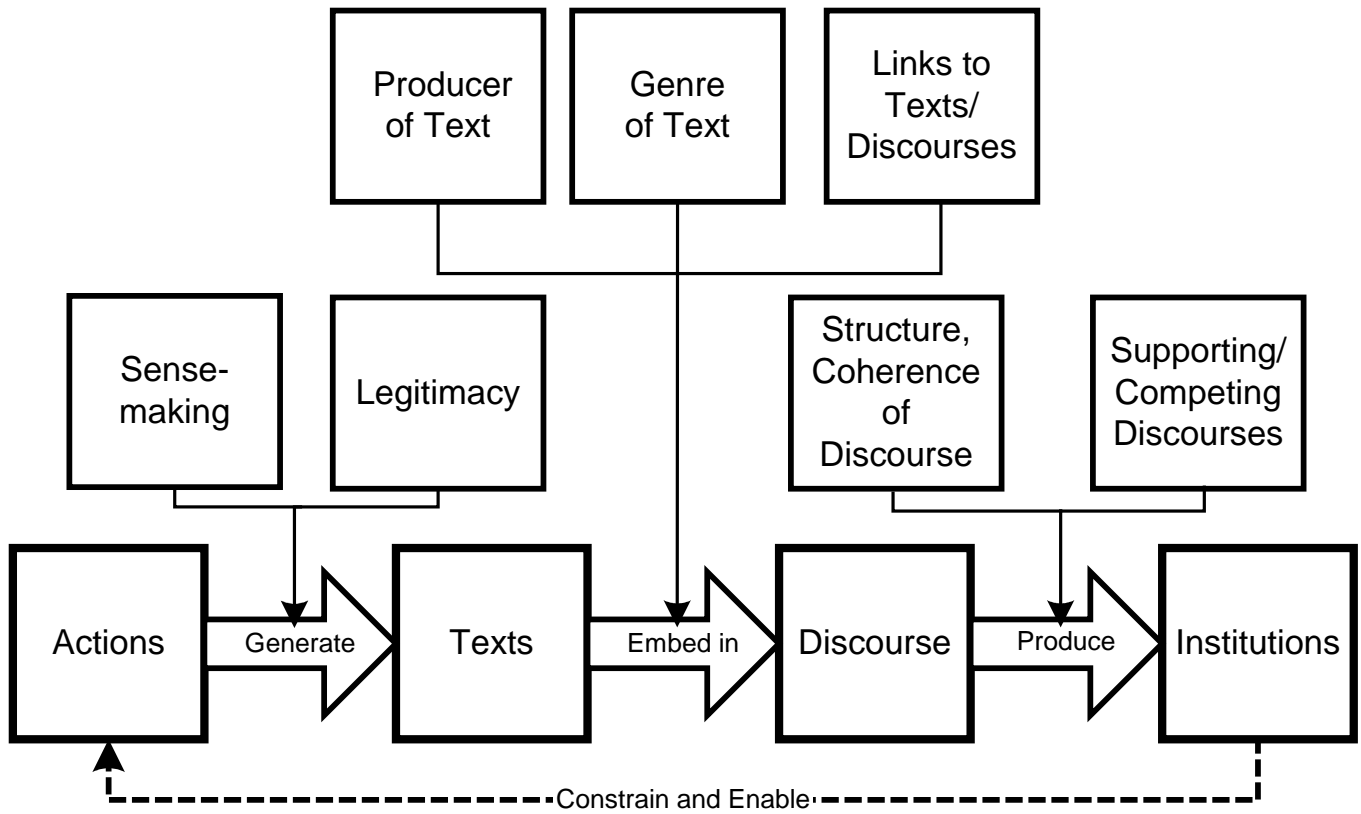


FIGURE 2

A DISCURSIVE MODEL OF INSTITUTIONALIZATION





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