



***Understanding Institutions and
Logics of Appropriateness:
Introductory Essay¹***

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A Perspective on Political Life

This section presents three landmark articles that are part of a research agenda launched more than twenty years ago. Then, “*The New Institutionalism: Organizational Factors in Political Life*” invited a reappraisal of how political institutions could be conceptualized, to what degree institutions have independent and enduring implications, the kinds of political phenomena they impact, the mechanisms through which they do so, and the processes through which institutions emerge, are maintained, and change. Since then, the original contribution has been elaborated in several publications.² In contrast to much of the work in organization studies, the focus has been on political, rather than economic, organizations.

“The new institutionalism” offers a perspective on how political life is organized, functions and changes in contemporary democracies. The term includes a set of theoretical ideas, assumptions and hypotheses concerning the relations among institutional characteristics, political agency, performance, and institutional change, and the wider social context of politics. In contrast with an older institutionalism that used formal-legal rules as proxies for political action, the new institutionalism is behavioral. Theoretical ideas are required to be consistent with empirical observations.

The institutional approach supplements and competes with two other interpretations of democratic politics and government. First, a rational actor perspective which sees political life as organized by exchange among calculating, self-interested actors maximizing their expected utility. Second, a society-centered perspective that sees political institutions and behavior as arising from societal forces, rather than society being governed by politics. One version gives primacy to macro economic, technological, and social change. Another interprets politics as organized by shared world-views in a community of culture, history and fate.

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These perspectives focus attention on different actors, mechanisms and explanatory factors, and they differ when it comes to what contribution to the flow of history is attributable to political institutions and actors. The key distinctions are (a) the extent to which political institutions are seen as having some degree of autonomy and independent effects, and (b) the extent to which a perspective pictures institutionalized rules and identities as being reproduced with some reliability, at least partly independent of deliberate design and reform efforts, as well as of environmental stability or change.

Basic Ideas

Core assumptions of the new institutionalism are that political institutions create elements of order and predictability in political life, have durable and independent effects, and some robustness towards individual actors and environments.

An institution is an enduring collection of rules and organized practices, embedded in structures of meaning and resources that are relatively invariant in the face of turnover of individuals and changing external circumstances. Constitutive rules and repertoires of standard operating procedures prescribe appropriate behavior for specific actors in specific situations. Structures of meaning, involving standardization, homogenization and authorization of common purposes, vocabularies, ways of reasoning and accounts, give direction to, explain, justify, and legitimate behavioral rules. Structures of resources create capabilities for acting. Resources are routinely tied to rules and worldviews, empowering and constraining actors differently and making them more or less capable of acting according to behavioral codes.

The logic of appropriateness is a perspective on human action. To act appropriately is to proceed according to the institutionalized practices of a collectivity and mutual understandings of what is true, reasonable, natural, right, and good. Actors seek to fulfil the obligations and duties encapsulated in a role, an identity, and a membership in a political community. Rules are followed because they are perceived to be adequate for the task at hand and to have normative validity.

The new institutionalism assumes that political life is not solely organized around policy making, aggregation of predetermined preferences and resources, and regulation of behavior and outcomes through external incentives and constraints. Consistent with an old strand in the study of politics, institutionalism holds that politics involves a search for collective purpose, direction, meaning, and belonging. In contrast with standard equilibrium models, assuming that institutions reach a unique organizational form conditional on current functional and normative circumstances, and thus independent of their historical path, institutionalism holds that history is “inefficient”. The matching of institutions, behaviors, and contexts takes time and has multiple, path-dependent equilibria.

In sum, the basic units of analysis of the new institutionalism are internalized rules and practices, identities and roles, normative and causal beliefs, and resources; not micro-rational individuals or macro forces. Institutionalism assumes that the organization of political life has an independent explanatory power and emphasizes the endogenous nature and social construction of institutions. A challenge is to provide better understanding of the processes that translate institutionalized rules into political action and consequences, and of the processes that translate human action into rules and institutions. Institutionalists need to explain how such processes are stabilized or destabilized and identify factors that sustain or interrupt ongoing processes.

Impacts upon Action, Policies and People

Over the last twenty years debates about the significance of formally organized political institutions has turned into a concern with to what extent, in what respects, through what processes, under what conditions, and why institutions make a difference. The organization of political life affects the motivations and capabilities of collectivities and individuals. Institutions prescribe how authority and power are constituted, exercised, legitimated, controlled, and redistributed. They empower and constrain actors, define basic rules for resolving conflicts, and impact the allocation of advantages and burdens. Institutions create and select actors. They integrate a community and develop affective

ties among its members (Weaver and Rockman 1993; Egeberg 2003, March and Olsen 2006 a, b).

To the degree that institutions generate beliefs in a legitimate order, they simplify politics by ensuring that many things are taken as given. Rules and practices specify what is normal, must be expected, can be relied upon, and what makes sense in a community. While the blessings of rules are mixed, some of the capabilities of modern institutions come from their effectiveness in substituting rule-bound behavior for individually autonomous behavior. Institutions also facilitate sense-making, guide and stabilize expectations, and dampen conflicts over resource allocations.

This “established wisdom” about the effects of political institutions has, however, been described as fragile (Rothstein 1996). Causal chains are often complex, long, and contingent (Weaver and Rockman 1993) and the legitimacy of democratic institutions is partly based on the expectation that they will provide open-ended processes without determinate outcomes (Pitkin 1967). Institutions do not determine political action and results in detail. They constrain and enable outcomes without being an immediate or direct cause of them. The same organizational arrangement can have different consequences under different conditions, and different arrangements can produce the same effects. Two issues arise for the new institutionalism: How are rules of appropriateness translated into behavior and how do actors become carriers of rules and practices?

Impacting Behavior and Policies

A key task is to improve the understanding of the conditions under which actors are motivated and capable of complying with rules of appropriateness, the processes through which rules are translated into behavior and the factors that strengthen or weaken the relation between rules and actions.

In routine situations rule-based action may reflect in an almost mechanical way prescriptions embedded in constitutions, laws, institution-specific rules, or professional norms. Defining a role or identity and achieving it can, however, require time and energy, thought and capability. It is well known, for example from courts of law that following rules can be a complicated cognitive process involving thoughtful, reasoning behavior.

Such reasoning is not primarily connected to the anticipation of consequences. Actors use criteria of similarity and congruence, rather than likelihood and expected value. The core behavioral proposition of the new institutionalism is that, most of the time humans take reasoned action by trying to answer three elementary questions: What kind of a situation is this? What kind of person am I (are we)? What does a person such as I (we) do in a situation such as this - what kind of behavioral prescriptions follow from matching the facts of the situation with the relevant rules (March and Olsen 1989)?

The clarity and consistency of rules and identities are variables, and so are the familiarity with and understanding of situations and the behavioral implications of matching rules. There may be more or less time for analysis and decision making; and when prescriptions are straightforward, institutionalized authority and resources may be adequate, or overpowered by non-institutionalized resources and informal processes.

Therefore, actors may have a difficult time interpreting which historical experiences are relevant for current situations. They may struggle with how to classify themselves and others -who they are, and what they are- and what the classifications imply in a specific situation. The problems are in particular challenging when several institutions structured according to different principles and rules provide competing analyses and behavioral prescriptions for the same area of action.

For example, diplomats face competing expectations because diplomacy as an institution involves a tension between being the carrier of the interests of a specific state and being a defender of transnational principles, norms and rules maintained and enacted by representatives of the states in mutual interaction (Bátora 2005). In a Weberian bureaucracy, often seen as the archetype hierarchical organization, there are also competing claims to authority and logics of appropriateness, such as following command rooted in formal position, rule-following based upon laws, and behavior dictated by professional knowledge, truth-claims or axioms of enlightened government.

Furthermore, adjudication involves an intricate interweaving of rule application, creation and reinterpretation as new and unfamiliar situations arise (Magnussen 2006). Policy situations can be defined in different ways that call forth different legitimate rules, actors and arguments (Ugland 2002), and global prescriptions of administrative reform have consistently been interpreted and responded to differently depending on national institutional arrangements, resources and historical traditions (Christensen and Lægreid 2007).

The possible indeterminacy of rules, roles, identities, and situations requires detailed observations of the processes through which rules are translated into behavior through constructive interpretation and available resources. This includes how institutions affect exposure to and search for information, deliberation and interpretation, codification and validation of evidence, and memory-building and retrieval; as well as the mechanisms through which institutions distribute resources and enable actors to follow rules, across a variety of settings and situations (March and Olsen 1995). There is also a need to understand how actors become rule-bound.

Fashioning People

The effects of external opportunity and incentive structures on behaviour are directed and limited by institutions. Institutions are carriers of a polity's character, history and visions, and institutions have a potential for fashioning actors' character, preferences,

and commitments. Identification is a fundamental mechanism in group integration, based upon an internalized acceptance of obligations and duties (March and Simon 1958). Actors internalize culturally defined purposes to be sought as well as modes of appropriate procedures for pursuing purposes, and there is no perfect positive correlation between political effectiveness and normative validity (Merton 1938). Legitimacy, therefore, depends not only on showing that actions accomplish appropriate objectives, but also that actors behave in accordance with appropriate procedures ingrained in a culture (Meyer and Rowan 1977).

As a result, students of institutions need to study the types of humans selected and formed by different types of institutions and specify the mechanisms by which different rules of appropriateness evolve and become legitimized, reproduced, modified, and replaced. In democratic contexts, there is a special need to explore which mechanisms and institutional settings transform individuals into law-abiding, consensus- and compromise-seeking citizens; how elected representatives, bureaucrats, and judges are turned into office-holders with an ethos of self-discipline, impartiality and integrity; and how different institutions create different balances between the requirements of offices and individual calculated interests.

Internalized rules are lessons from experience, encoded by actors drawing inferences from their experiences, or by differential survival or reproduction rates (March, Schultz and Zhou 2000). Identities may be strong or weak and there may be competing institutional and group belongings. Internalization takes place through processes of education, socialization, explanation, and justification in a variety of institutional settings, such as ordinary work-situations, political institutions, civil society, and institutions of higher education. Possibly, the processes and determinants of identification are not much different from those relevant for interpreting rules, or institutional dynamics in general.

Dynamics of Change

Institutions are not static. Change is a constant feature of institutions as they respond to experience. The scopes and modes of institutionalized activity vary across political systems, policy areas, and historic time. There are shifts within an existing repertoire of rules and practices and change of repertoires.

Why then are institutions what they are? Through what processes do institutions and rules emerge or change and what factors lead to different forms of institutional integration? What is the role of human action and how do existing institutional arrangements affect the emergence, reproduction, and transformation of institutions? Which institutional characteristics favor change or make institutions resistant to change? The new institutionalism approaches these issues by arguing, first, that history is “inefficient” and that a task is to identify factors that create inefficiencies in adaptation; and second, that change is not driven solely by external processes and shocks but that there is a need to explore intra- and inter-institutional sources of change.

Historical Inefficiency

A standard argument in the literature is that institutions survive and flourish because they are well adapted to their functional (Goodin 1996, Stinchcombe 2001) or normative environments (Meyer and Rowan 1977). A democratic ideal is that citizens and their representatives should be able to design political institutions at will. However, this democratic ideal is frustrated by *Rechtsstaat* principles and by limited human capacity for understanding and control. In practice, actors show limited willingness and ability to adapt rules and identities on the basis of experience.

Rules develop in response to history, but that development is not uniquely optimal in any meaningful sense. The new institutionalism argues that key behavioral mechanisms encoding experience into rules and routines are history-dependent and neither guarantee improvement nor increasing survival value. Observation and interpretation of experience and institutional memories, retrieval, and responses are affected by

institutional arrangements, and adaptation is less continuous and precise than assumed by standard equilibrium models (March 1981, March and Olsen 1989). A better understanding of historical inefficiency requires detailed exploration of possible frictions in processes of institutional design and reform, institutional abilities to adapt spontaneously to changing circumstances, and environmental effectiveness in eliminating suboptimal institutions and identities (Olsen 2001).

Reformers are institutional gardeners more than architects and engineers. They reinterpret codes of behavior, impact causal and normative beliefs, foster civic and democratic identities and engagement, develop organized capabilities, and improve adaptability. Still, institutions are defended by insiders and validated by outsiders and cannot be changed arbitrarily. The more institutionalized an area, the more robust are institutional structures against reform efforts and environmental change, and resistance is strongest when change threatens institutional identities (March and Olsen 1983, 1989, Olsen 2007: Ch.8). This does not imply that institutions always favor continuity over change, but that the processes of adaptation can sometimes be fast and direct but often are tortuous.

Intra- and Inter-Institutional Dynamics

Institutions prescribe and proscribe, speed up and delay change, and the assumption that structures persist unless there are external irritants or shocks, underestimates intra- and inter-institutional dynamics and sources of change. Change can be driven by explicit rules, pressures from institutional ideals that can never be fulfilled in practice, internal loss of faith in institutions and interpreters of appropriateness, and by intra- and inter-institutional tensions between organizational and normative principles.

While concepts of institution and order assume some internal coherence and consistency, tensions and disputes are endemic. The principles and rules on which an institution is constituted are never fully accepted by the entire society and political orders are never perfectly integrated (Eisenstadt 1965, Goodin 1996). Order is created

by a collection of institutions that fit more or less into a coherent system and most political systems function through a mix of co-existing, partly inconsistent organizational and normative principles, behavioral logics, and legitimate resources (Orren and Skowronek 2004, Olsen 2007). The coherence of political institutions and orders varies over time through processes of institutionalization, de-institutionalization, and re-institutionalization.

Institutionalization implies:

- (a) Increasing clarity and agreement about behavioral rules, including allocation of formal authority. Standardization and formalization of practice reduce uncertainty and conflict concerning who does what, when and how. As some ways of acting are perceived as natural and legitimate there is less need for using incentives or coercion in order to make people follow prescribed rules.
- (b) Increasing consensus concerning how behavioral rules are to be explained and justified, with a common vocabulary, expectations and success criteria. There is a decreasing need to explain and justify why modes of action are appropriate in terms of problem-solving and normative validity.
- (c) The supply of resources becomes routinized and “taken as given”. It takes less effort to obtain or mobilize the resources required for acting in accordance with prescribed rules of appropriate behavior.

Thus, *de-institutionalization* implies that institutional identities, roles, authority, borders, explanations and justifications, and resources are contested. There is increasing uncertainty, disorientation, and conflict. New actors are mobilized. There are demands for new explanations and justifications of existing practices. Outcomes are more uncertain, and it is necessary to use more incentives or coercion to make people follow prescribed rules.

The coherence of an institution or a political order can be threatened by strong identifications with subunits or roles, and institutions organized upon competing

principles can create problems for each other. Still, one hypothesis is that democratic systems work comparatively well *because* their political orders are not well integrated. In everyday-life inconsistencies and tensions are buffered by institutional specialization, separation, autonomy, sequential attention, local rationality, and conflict avoidance (Cyert and March 1963). Arguably, these mechanisms help democracies cope with conflicts that create conflicts and stalemates at constitutional moments when demands for consistency and coherence are stronger (Olsen 2007: Ch.9).

Certain periods are characterized by institutional confrontations (Weber 1978). There are radical intrusions and attempts to achieve control over other institutional spheres, as well as stern institutional defense against invasions of alien norms. Changing patterns of power follow from inter-institutional processes of separation and integration, decoupling or re-coupling; as new bridges or walls are built between institutions.

An improved understanding of the dynamics of institutions and identities requires attention to several “imperfect” and disjointed processes of change, not a focus on a single mechanism and coherent and dominant process; and the second chapter in this section explores institutional integration and disintegration by means of an experiential learning model. Networks transform themselves as participants learn from local experience and adjust local linkages; rather than as a result of some global rationality achieved through rational choice or competitive selection. Learning is myopic and meandering, rather than optimizing. It is “inefficient” in the sense of not reaching a uniquely optimal arrangement, and different learning-rates from successes and failures have important consequences for integration and disintegration (March 1999).

Purification and Reconciliation

The basic ideas of the “new institutionalism” have fared fairly well. The “logic of appropriateness” and “historical inefficiency” still are promising rather than outdated ideas, and there have been important advances. Nevertheless, many theoretical

challenges remain and there is need for detailed empirical studies testing the quality of theoretical speculations.

Further theoretical exploration of the role of institutions in political life may take two different avenues. One is to purify the competing conceptions of political institutions, action, and change and make further efforts to specify the conditions under which each provides a good approximation to important empirical phenomena. Within this approach, the new institutionalism needs to identify processes and determinants that increase or hamper the autonomy and ordering effect of political institutions; facilitate or hinder political action according to a logic of appropriateness; and make history more or less inefficient and maintain stability or promote institutional change.

Another avenue is to explore how competing perspectives interact and impact each other. The spirit of the new institutionalism is to supplement rather than reject alternative approaches. The recognition of an autonomous role for institutions does not deny the importance of political agency and environmental imperatives.

In this spirit, the last chapter in this section makes an effort to clarify relations between a logic of appropriateness and a logic of consequentiality. The chapter discusses which factors determine the salience of different logics and the institutional conditions under which each is likely to dominate (March and Olsen 1998). Political actors may subsume one logic as a special case of the other. They may establish a hierarchy among logics, or be governed by the relative prescriptive clarity of different logics. The resources available for acting in accordance with different logics may be decisive. Actors may use different logics for different purposes. There may be a sequential ordering of logics of action, and change between logics of action may result from specific experiences.

Endnotes

¹ To appear in James G. March: *Understanding Organizations*. Stanford: Stanford University Press, 2008.

² “Institutionalism” means different things to different people. Here it refers to the approach initiated by March and Olsen 1984 (the first chapter in this section) and elaborated in March and Olsen 1989, 1995, 1998, 2006 a,b. I draw on these publications and nearly forty years of cooperation and friendship with James G. March.

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