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Towards a model of the institutional logics of climate change

Paper submitted for EGOS 2009

Sub-theme 17: Exploring innovative approaches for governing climate change

Introduction

The proliferation of innovative schemes to address climate change at international, national and local levels signals a fundamental shift in the priority and role of the natural environment to society, organizations and individuals. This shift in shared priorities invites academics and practitioners to consider the role of institutions in shaping and constraining responses to climate change at multiple levels of organisations and society.

Institutional theory provides an approach to conceptualising and addressing climate change challenges by focusing on the central logics that guide society, organizations and individuals and their material and symbolic relationship to the environment. For example, framing a response to climate change in the form of an emission trading scheme evidences a practice informed by a capitalist market logic (Friedland and Alford 1991). However, not all responses need necessarily align with a market logic. Indeed, Thornton (2004) identifies six broad societal sectors each with its own logic (markets, corporations, professions, states, families, religions). Hence, understanding the logics that underpin successful –and unsuccessful– climate change initiatives contributes to revealing how institutions shape and constrain practices, and provides valuable insights for policy makers and organizations.

This paper develops models and propositions to consider the construction of, and challenges to, climate change initiatives based on institutional logics (Thornton and Ocasio 2008). We propose that the challenge of understanding and explaining how climate change initiatives are successfully adopted be examined in terms of their institutional logics, and how these logics evolve over time. To achieve this, a multi-level framework of analysis that encompasses society, organizations and individuals is necessary (Friedland and Alford 1991). However, to date most extant studies of institutional logics have tended to emphasize one level over the others (Thornton and Ocasio 2008: 104). In addition, existing studies related to climate change initiatives have largely been descriptive (e.g. Braun 2008) or prescriptive (e.g. Boiral 2006) in terms of the suitability of particular practices. This paper contributes to the literature on logics by examining multiple levels: the proliferation of the climate change agenda provides a site in which to study how institutional logics are played out across multiple, yet embedded levels within society through institutional forums in which change takes place. Secondly, the paper specifically examines how institutional logics provide society with organising principles –material practices and symbolic constructions– which enable and constrain their actions and help define their motives and identity. Based on this model, we develop a series of propositions of the conditions required for the successful introduction of climate change initiatives.

The paper proceeds as follows. We present a review of literature related to institutional logics and develop a generic model of the process of the operation of institutional logics. We then consider how this is applied to key initiatives related to climate change. Finally, we develop a series of propositions which might guide insights into the successful implementation of climate change practices.

Review of literature

Institutions and institutional logics explained

Neo-institutional theory is based in the premise that socially constructed institutions enable and constrain the actions of social actors (Meyer and Rowan 1977; DiMaggio and Powell 1983). Such a perspective suggests that actors and their actions are legitimate within shared, taken-for-granted social meanings (Deephouse and Suchman 2008). While some supra-organizational institutions such as the church, family, and the capitalist market operate at the level of society, institutions also guide social life at other levels such as the field, profession, and organization (Thornton and Ocasio 2008). A generic summary of the operation of institutional logics is provided in Figure 1.

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Insert figure 1 here

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Institutions are expressed as institutional logics. Institutional logics provide the organising principles of the institution, and also the vocabulary of motives which can be used by and between social actors (Friedland and Alford 1991). Within neo-institutional theory, the approach of institutional logics constitutes a distinct line of inquiry as it is concerned about how institutions –through logics– enable and constrain the actions of social actors, and are in turn influenced by the outcomes of these actions (Friedland and Alford 1991).

The institutional logics facilitate and constrain actors and their actions. The vocabularies of the logics provide a source of motive for actors and also facilitate the articulation of self as identity (Friedland and Alford 1991). Actors use these motives and identity in order to construct meaning and action (Thornton 2004). At the same time, logics constrain actors by designating what is valued, supply evaluation rules, and set limits on rationality. However, due to their tacit and general nature, logics are also open to interpretation and manipulation, thus social actors will attempt to mobilise rules to further their interests (Friedland and Alford 1991). The practices constructed by social actors are thus the translation and enactment of logics (Czarniawska-Jeorges 1996). In this perspective, responses to climate change are not merely proposed solutions to an environmental problem, they are also expressions of institutional logics.

Meanings and practices are –in part– the enactment of institutional logics by actors in context. However, this characteristic does not in itself guarantee their success or survival. Meanings and practices are successfully established if they are adopted by other actors

(Aldrich and Fiol 1994). This principle of diffusion which is central to institutional theory (Meyer and Rowan 1977; DiMaggio and Powell 1983) takes place in this stage of the model where actors play a mediating role in both adopting practices and meanings constructed by others. Meanings and practices that are perceived to be legitimate are likely to be widely adopted and vice-versa (Deephouse and Suchman 2008).

The adoption of meanings and practices by actors thus leads to either a validation of the logics which influenced their creation in the first place, or to their modification. In turn, the diffusion of the logics via practices and meanings leads to the legitimation of the institution. This cycle of expression, enactment, diffusion and legitimation enables us to conceptualise the co-construction of institutional logics and practices. The process described conforms to the principle of the duality of structure (Giddens 1984): the practices of social actors are enabled by the institution, and at the same time socially construct that institution (Berger and Luckmann 1967).

Social actors acting at multiple levels

The institutional logics perspective highlights the embeddedness of the levels of society, organizations and individual social actors (Friedland and Alford 1991). The three levels are important as they represent key units of analysis in institutional theory, at the same time this conceptualisation in three levels is insufficient to capture the embeddedness of individual and collective social actors (Granovetter 1985) and the plurality of institutional logics (Kraatz and Block 2008). In order to understand how climate change initiatives are played out, we need to conceptualise types of institutional forums where related social actors perform the institutional work (Lawrence and Suddaby 2006) of constructing, challenging, legitimating, and diffusing meanings and practices in relation to institutional logics.

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Insert Figure 2 here

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The first of these types of institutional forums is located at the supra-organizational level and is a mainstream concept of organizational institutionalism: the *field* (Wooten and Hoffman 2008). Fields accommodate groups of organizations which make up a recognised area of institutional life, such as those producing similar products and services, within a supply chain, or bound by common regulatory arrangements (DiMaggio and Powell 1983). Due to their inter-connectedness, these groups of organizations share common meaning systems and practices. The field provides a bridge between the organizational and societal levels of analysis.

The second type of institutional forum is positioned at the supra-individual level, which we call *identity community*. Social actors identify with collective identities, often linked to a formalised group, organization, profession, industry or population (Tajfel and Turner 1979). Such groups provide a bridge between the individual and organizational levels of analysis, as noted in the identity literature (Tajfel and Turner 1979) and in the

institutional logics literature (Friedland and Alford 1991). The relationship between the three levels and the two types of institutional forums is represented in Figure 2.

Fields and identity communities as institutional forums link the multiple levels of society, organization, and individual. They provide spaces for social actors to perform institutional work. In relation to the operation of institutional logics discussed earlier (Figure 1) the process of co-constitution of institutions and practices happens between the three levels, and through fields and identity communities as institutional forums.

Institutional logics of climate change

In this paper, we have developed two models: a simplified, generic model of the operation of institutional logics which highlights the role of social actors in contextualising meaning and practice; and a model of institutional forums where institutional work takes place. We suggest these models provide devices through which to consider the adoption of climate change initiatives (meanings and practices) over time which institutionalise legitimate practice across multiple levels of society (within institutional forums). A review of practices related to the environment (Tywoniak and Bartlett 2008) and examples of practices identified in literature (e.g. Marquis et al. 2007) indicate that a range of practices related to climate change initiatives and the environment have been constructed, legitimated and adopted by social actors. In addition, there is evidence of social actor activity related to climate change in two institutional forums – identity communities and fields. Examples from the Australian context are presented below.

Social construction of climate change meanings and practices related to institutional logics

We identify three indicators of the social construction of meanings and practices related to climate change which suggest that these practices extend beyond individual initiatives and therefore form part of an institutional pattern of climate change acceptance.

First, we identify that there is a need for organizations to be legitimate in relation to climate change. A number of studies have examined how organizations legitimate themselves in relation to climate change and other expectations in relation to the natural environment. For example, Deegan et al (2002) showed how a major mining company (BHP Billiton) legitimated itself through disclosing environmental practices. In another study, Bartlett et al (2007) showed how Australian banks reported on their environmental commitments as a way to legitimate themselves. In addition, the number of organizations voluntarily producing social and environmental impact reports (Golob and Bartlett 2007) reflects that climate change is a criterion against which organizations are evaluated as legitimate. Such studies suggest that there is an expectation that organizations consider the natural environment and address concerns about climate change, and that they symbolically and materially seek to address these concerns. These arguments are confirmed by early results from our on-going field research: “And one of the key things is enhancement of the sector’s social license to operate and that’s where things, issues

such as climate change [appear] [...] And also along those others so that we get environmental management of the operations itself, but the fact that climate change is now falling into that social license to operate space is something that wouldn't have been there five years ago. [...] There's an article of faith. Bang. And that's what it's become. Climate change, climate, do something about it." (spokesperson for an Australian resources peak body, interviewed May 2009)

Second, we identify that regulatory frameworks around practices that impact climate change have been developed and that there is a regulatory requirement for organizations to comply with such practices in Australia. For example, the NGER (National Greenhouse and Energy Reporting Act 2007) requires Australian corporations to report on greenhouse emissions from 1 July 2008. The development of this Act indicates that social actors have negotiated shared meanings about impacts on climate change and developed a series of practices for corporations to adopt in order to address the issue. These regulatory requirements validate the logics related to causes of and solutions to climate change. In addition, this Act provides the basis for the forthcoming emissions trading scheme which will further institutionalise these shared meanings and practices within the marketplace.

Third, we suggest that the development at the international level of resources to support climate change practices facilitate the adoption of practices that address climate change concerns. For example, the Global Reporting Initiative (GRI) provides guidelines for voluntary reporting on climate change initiatives. The development of ISO standards (ISO 14064) to address the quantification of greenhouse gas emissions provides a template for practice that has been legitimated at an international level. Particular industries are also developing their own standards such as the development of standards of practice for specific industries such as the ESAA (Energy Supply Association Australia) and the APPRA (Australian Petroleum Production and Exploration Association). The development of such resources shape the climate change practices at a societal level in two ways: they articulate the meaning of climate change and its solution; and in establishing organizations around the standards of practice, facilitate adoption and therefore institutionalisation of those particular practices. This process further validates and legitimates a particular set of practices and their associated meanings over time as more organisations voluntarily adopt these legitimated standards.

Identification of institutional forums that facilitate climate change initiatives

In the previous section we identified ways that meanings and practices articulated logics around climate change and the natural environment. Here, we present evidence of the institutional forums in which the work of social actors mobilising vocabulary and identity around logics of climate change takes place.

There is an abundance of practical and academic literature which documents the work of environmentalists and environmental advocacy groups. We suggest that this type of data supports our view that identity communities use vocabularies of logics and facilitate identities around matters of the natural environment. Examples of identity communities include the establishment of environmentally centred membership and advocacy groups

such as the Sierra Club, Greenpeace and World Wide Fund for Nature (WWF). Identity communities also develop in workplaces via membership of employee volunteering programs such as that of Australian Bank, Westpac ; and professions including academia where scholars such as James E. Post, Archie Carroll and others instigated bodies of professional work around matters of the natural environment in business.

We also suggest that fields act as institutional forums facilitating climate change initiatives. For example, the field of mining is actively involved in developing particular standards for the GRI related specifically to that field. There is also evidence of the emergence of constituted fields (Truscott, Bartlett and Tywoniak in press) around environmental concerns where a range of social actors recognise and work towards a common goal related to environmental impact, forming a recognised form of institutional life.

Propositions

The preceding sections of this paper have introduced and discussed models of institutions logics and forums existing in the literature. These concepts were then applied to the context of climate change. In particular, this discussion highlighted the need for social actors to be perceived to act responsibly in relation to climate change in order to maintain legitimacy and the emergence of regulatory frameworks and global standards against which practices and performance are reported. In this section of the paper, we develop and elaborate six research propositions about the legitimacy and success of climate change initiatives that incorporate these initial discussions.

From the models of institutions and institutional logics and the practices about climate change, we advance the following propositions:

Proposition 1: The likelihood that climate change initiatives will be successfully adopted is increased if practices are endorsed by multiple social actors

This proposition attends to the cognitive dimension of legitimacy (Scott 2001): social actors are more likely to adopt new practices proposed by institutional entrepreneurs (DiMaggio 1988) if these are endorsed by influential social actors who provide legitimacy (Deephouse & Suchman 2008). Broadly speaking, actors who derive standing from their role in organizations and/or society, or those who can make claims of expertise based on professional standing (Meyer & Scott 1983; Suchman 1995) are able to mobilise logics and garner support from other social actors. Access to the public debate via the media is a powerful resource in this context (Deephouse & Suchman 2008).

Proposition 2: The likelihood that climate change initiatives will be successfully adopted is increased if standards are developed against which organizations are to comply

Standards are used to establish legitimacy based on normative grounds (Scott 2001). Standards play a dual role. On the one hand they embody a call for action and require organisations and individuals to modify their practices in order to comply. On the other hand, standards provide frameworks for social actors to report on their practices and argue that their actions are responsible and legitimate. The construction and endorsement

of standards by national and global organisations -including governments, peak bodies, or advocacy groups, who derive legitimacy from their claims to represent or speak for stakeholder constituencies- confers normative legitimacy (Deephouse & Suchman 2008).

Proposition 3: The likelihood that climate change initiatives will be successfully adopted is increased if they are supported by law and/or government policy.

Government can act as the ultimate arbiter of legitimacy (Suchman 1995). Indeed, it has the ability to support the adoption of new practices through regulative means and therefore assert a level of force over the conformity with such practices (Scott 2001). Institutional entrepreneurs proposing new climate change practices will increase the probability of adoption of these practices if they can garner the support of government. Conversely, government may act to introduce new climate change practices in order to maintain their legitimacy and social license to operate. The Australian government policy on climate change was changed as a consequence of the 2007 elections which saw a change in governing parties, with the new Labour government being given a mandate to introduce new climate change policies (Garnaut 2008).

Proposition 4: The likelihood that climate change initiatives will be successfully adopted is increased if there are resources available for social actors to facilitate making of meaning and construction of practices that support climate change initiatives

The ability of individuals and organisations as institutional entrepreneurs to demonstrate that proposed climate change practices are aligned with, or supported by, prevalent societal institutional logics drives the capacity of social actors to make sense of these practices. Framing practices in terms of legitimate and well-rehearsed arguments enable to introduce innovations as if they are part of institutionalised logics and discourse (Aldrich & Fiol 1994; Oliver 1991). For instance, the proposed introduction of an Emissions Trading Scheme by the Australian government is aligned with the institutional logic of markets and economic efficiency (Thornton 2004). Consequently, many of the arguments proposed for or against this new practice are framed in terms of economic efficiency and revolve around the creation and destruction of jobs, and the costs and savings for industry and consumers (The Australian 2009).

Proposition 5: The likelihood that climate change initiatives will be successfully adopted is increased if individuals form into identity communities that support the institutional logics of climate change

Institutional theory suggests that new initiatives may be adopted on the basis of the networks of support they are backed by, rather than claims of efficiency or rationality (Meyer & Rowan 1977; Ward 1996). Identity communities act as forums where social actors create shared meanings and discourses which enable them to make sense of the world (Berger & Luckmann 1967). The institutionalisation of identity communities around issues of climate change provides a foundation for legitimate practices. Identity communities potentially draw on all three dimensions of legitimacy (cognitive, normative, regulative) as they create shared meanings, norms of behaviour and may influence public policy. Organisations engaging with identity communities as stakeholders will enhance their ability to introduce successful new climate change practices because they will be able to align their practices with environmental

expectations and/or shape expectations about legitimate practices (Deephouse & Suchman 2008).

Proposition 6: The likelihood that climate change initiatives will be successfully adopted is increased if constituted fields emerge which deal with matters of the institutional logics of climate change

Institutional fields operate in a manner similar to identity communities in relation to the legitimation and adoption of new practices. For instance, they can act as forums where social actors, in particular organisations, create shared meanings and practices relating to climate change, thereby conferring legitimacy to climate change responses. However, as fields operate at the supra-organisational level (Figure 2) they provide a context where organisations as social actors are able to usually mobilise greater resources. In addition, fields can emerge with the purpose of addressing an identified portion of the economic value chain. There is evidence of the emergence in Australia of a field focused on corporate social responsibility and sustainability where actors are concerned with the legitimization of practices that support and help sustainable behaviours (Truscott et al, in press). Initial findings from our current research provide tentative support for this proposition. For instance, in relation to responding to climate change in the Australian energy industry, a number of social actors linked to the energy supply value chain appear to have proactively embraced the need for (and opportunity of) new responses to climate change. The research has shown that lawyers, management consultants, and also engineering consultants have embraced a multi-dimensional approach to doing business in this field, providing services related to regulatory compliance, economic efficiency, and investment effectiveness for clients.

Conclusion and Future Directions

Considering climate change initiatives through this institutional logics perspective can shed insights into the role of institutions in shaping and constraining creative responses to environmental problems. This paper outlines the foundations for a generic model of institutional logics in which social actors construct, legitimate and adopt meanings and practices related to climate change. We also suggest that there are institutional forums in which this institutional work takes place in fields and identity communities. These models were developed as a way to understand the processes through which institutions might facilitate the institutionalisation of climate change initiatives. An overview of evidence related to key components of the model was presented and a series of propositions developed in relation to that evidence.

The model presented here provides a framework for both cross-sectional and longitudinal research to explore in the future. For instance, insights will be gained by comparing climate change logics and practices, and their legitimation, across geographic and economic boundaries, and over time. Given the model presented in this paper, it will be necessary for research to investigate a broad array of dimensions. For example, researchers will need to further explore boundaries by comparing climate change practices between nations and/or fields. Additionally, future researchers should explore climate change logics and practices over time. This would include analysing how the

processes of institutional logics operate over and between time periods in order to gain insights about the legitimation and delegitimation of climate change practices. Lastly, future research should also focus on the assessment of climate change practices at different institutional and societal levels. More specifically, researchers could investigate and analyse how institutional change and legitimation operates across and between the levels of society, organisations and individuals through the forums provided by field and identity communities.

To embrace a methodological design that incorporates at least two of the three dimensions outlined above will provide for insightful advances to institutional theory and to knowledge about climate change initiatives and their success factors. Indeed, an interesting conjecture potentially emerges out of this current and future discussion. It may well be that climate change and the related sustainability issues emerge as a new institutional logic in society, alongside the six types identified by Thornton (2004).

Figure 1: Generic process of operation of institutional logics

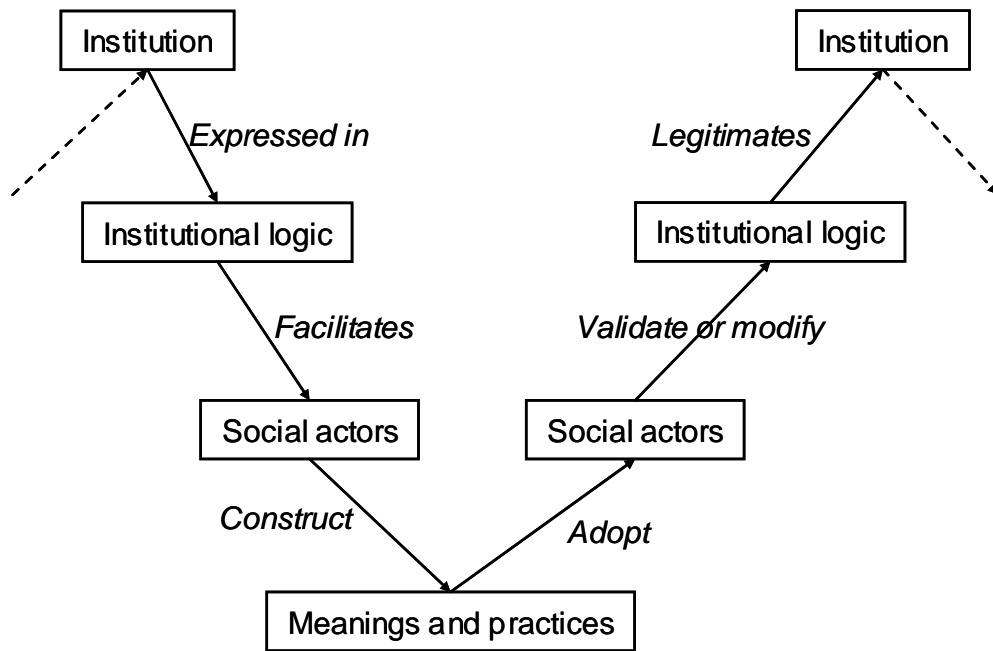
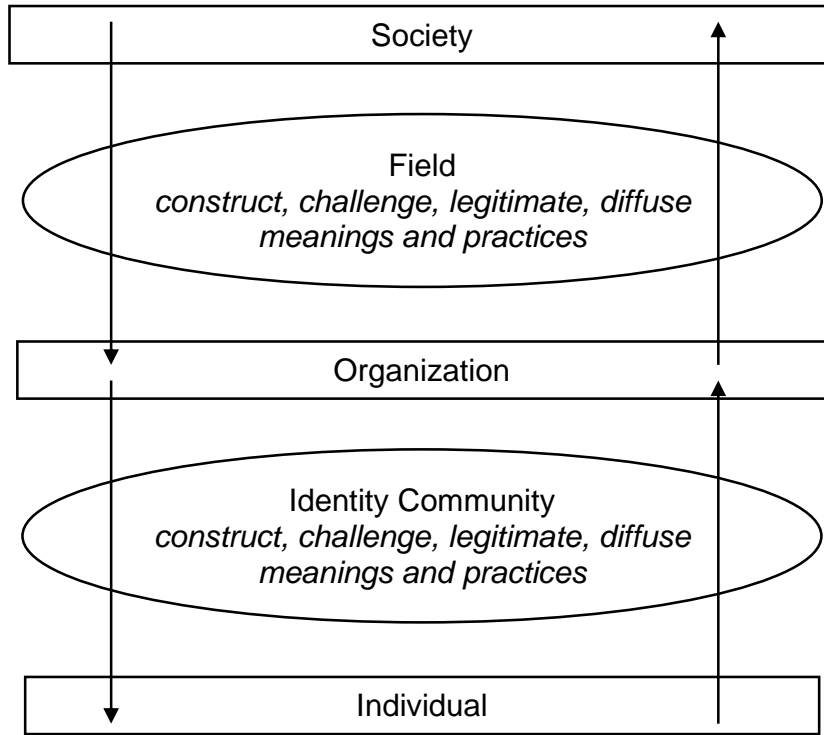


Figure 2: Role of field and identity community in work of constructing and competing of institutional logics across multiple levels



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